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WEST EUROPE REPORT

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MADRID CSCE'S PROSPECTS SEEN AS GLOOMY

Madrid May 'Fail' as Belgrade Did

Paris ETUDES in French Nov 80 pp 437-447

[Article by Louis-P. Peronne: "Madrid: Razor-Edge Dialog"]

[Text] Representatives of the signatories of the Final Act, the document produced by the Helsinki Conference on Security and Cooperation in Europe (CSCE), began preparatory talks in Madrid on 9 September 1980 for the second Final Act review conference. Reports from those talks indicate history may repeat itself.

Even though the only matters at issue are the conference's procedural rules, the Western powers, flanked by several neutral and nonaligned nations, have already clashed with the "bloc" led by the Soviets. Each side is endeavoring to establish an agenda and ruler of procedure calculated to make its own task easier. Each side, gauging the other side's profoundly divergent position, is fearful that the conference may "fail." Each is, therefore, taking steps to lay the blame for any such failure on the other. Thus a new diplomatic duel is underway. And when it ends, no doubt in a wave of frustration and bitterness, people here and there will be all the more surprised because, basing themselves on the experience of the first review conference in Belgrade in 1977-1978, the signatories had thoroughly prepared for this second conference in multiple prior consultations, either bilateral or within various blocs, alliances, or groups of countries.

If, once again, the word failure or semifailure should eventually have to be applied to this conference, this would probably be because of failure to have correctly and carefully evaluated the results of the 1975 Helsinki and 1977-78 Belgrade conferences. It would more definitely be attributable to the mistake of having been satisfied in advance with the little it was felt the conference would be able to produce, given the context which precedes it and in which it will be held.

At Helsinki, the Western nations accepted the Soviet empire's borders as established in Eastern Europe between 1945 and 1947 by the manipulation of communist parties operating under the protective cover of the Red Army. In so doing, the West had given the Soviets great cause for satisfaction, because the USSR had thereby achieved goals it has relentlessly pursued for 20 years and more. This "recognition" was enough to prompt Moscow to proclaim that the cold war was over and that the time had come to devote all energies to "military detente" now that "political detente" was an established fact.

Nevertheless, the West was not so naive as to believe that Europe and the world had definitely settled into an era of peace and harmony.

Consequently, in exchange for recognition of Eastern Europe's frontiers, the Western nations had requested and obtained the USSR's acknowledgement that security in Europe depended upon respect for a certain number of principles in mutual relations between states having signed the Final Act, and even in relations with all other states.

Respect for sovereignty, integrity and nonintervention, respect for human rights and the fundamental freedoms, "including freedom of thought, conscience, religion or belief" (Principle No 7) termed "an essential factor for peace," and what is more, "the right of the individual to know his rights, and his duty to act accordingly in this field": such were the key words, or to be more exact, the essential words of the compromise reached at time when nobody had any idea that courageous men and women were going to form Final Act watch groups or committees. As a matter of fact, the Helsinki document had provided a legal and international basis to the struggle for freedom being waged by those persons whom East European regimes strangely label as dissidents.

Other provisions of that same document reflected a concern all signatories professed to share, namely the "indivisibility" of detente. In fact, Principle No 8 reads that "all peoples always have the right to determine, when and as they so desire, their internal and external political status without outside interference." Further on, the signatories affirmed they "intended to be inspired by the principles contained in the present declaration in their relations with all other states."

Hence detente was no longer that wonderful condition achieved once and for all, but a fragile creation in a constant state of flux. Yet to enable the process to become increasingly viable and benefit one and all through multiple and increasingly fruitful cooperation, the climate of confidence had to be prolonged. That "entente" from which, in General De Gaulle's famous three-phase scenario, "detente" and then "cooperation" proceeded, must not be jeopardized by violation of the Helsinki Charter.

The Final Act was such a skillful, delicate, and subtle balance between advantages and concessions that its formulation took 3 years. Yet it actually constituted a whole, and the Soviet Union, no more than any other signatory, was not blind to this fact. True to its logic and ambitions, the USSR did not delay, however, in proclaiming that the ideological struggle was "outside the scope of detente," that the Third World was another question altogether, and that Europe's security could be strengthened only by tackling the problems of another kind of detente, namely "military detente."

Did this mean that the West had simply been duped in Helsinki? The West marked time with a magnificent but ineffective document, and the USSR forged ahead, confining and exiting some of its citizens, intervening in the territory of other countries. But the frequently denounced naiveness of the Western delegates was not that great. Admittedly the frontiers had been recognized, the division of Europe officially accepted. But whoever seriously thought of challenging that division? In exchange for acceptance of a "fait accompli," the West had not only obtained acceptance of that "code of conduct" which is the framework of all security in Europe and elsewhere, but what is more, the West had obtained the means of periodically and contradictorily

verifying strict compliance with the obligations the signatories had assumed jointly. The 35 signatory powers had, in fact, agreed to meet periodically for a thorough exchange of views "on implementation of the provisions of the Final Act and execution of the tasks defined by the conference" (of Helsinki), "as well as on the promotion of better mutual relations" between signatory nations, "enhancement of security, development of cooperation in Europe and development of the process of detente in the future."

The Belgrade conference was convened pursuant to this joint decision, and so is the Madrid conference scheduled to open on 11 November 1980.

Reappraisal of the "Failure" of the Belgrade Conference

While recalling these provisions of the Final Act is necessary to any understanding of the discussions about to take place in Madrid, an appraisal of the results of the first review conference, the one in Belgrade, is just as necessary. Is the confusion which has been fostered, knowingly or not, about the results of the first review conference on implementation of the Helsinki Accords, liable to weigh heavily upon the current preparatory talks that began on 9 September 1980? Everything inclines us to fear this will happen, particularly when we recall that in Belgrade the tensions and vicissitudes which characterized the discussions had eventually obfuscated the real causes of the difficulties encountered.

True to both the letter and spirit of the Final Act, Western powers and neutral countries--Austria, Sweden, Switzerland, etc.--had exercised their right to denounce violations of the principles all signatories had accepted 2 years earlier in Helsinki. In several East-European countries--USSR, Czechoslovakia, GDR, and Romania--these years had been filled with the harassment, followed by executions, of dissidents, and especially of the organizers and members of the Helsinki watch groups. These years had also been marked by an appreciable improvement in the "humanitarian field"--family reunions across East-West borders, marriage between citizens of different countries--notably in Hungary, in Poland, and to a less significant extent, in Romania.

During their full-scale review, Western delegates, acting "without complacency or aggressiveness," drew up a list of all the good and bad actions. Preoccupied with trying to prove that detente was still alive--which was the best way of relatively minimizing the infractions of which they were guilty--the Soviet Union and the East European countries listened to the Western delegates more often than not without grumbling. Their delegates evoked the principle of noninterference merely from time to time, whenever, in their opinion, it was being violated by certain Western delegates.

Was this enough to permit the conference to move on and seek to promote better mutual relations, in other words, examine proposals of cooperation; and if yes, in what fields? The answers given to this twofold question, and the manner in which they were given, actually dictated the conference's subsequent deliberations and their outcome, as well as the image they projected outside the conference.

For the Western powers, the essential point would have been obtaining an official acknowledgement of infractions by those countries deemed guilty of such. Instead of an admission of guilt, something impossible to obtain from such a powerful country as the USSR, a renewal of specific pledges coupled with concrete criteria, would have ultimately been acceptable. Once such pledges had been given, a number of proposals could have eventually been accepted, on condition that as a whole they reflected a balance between the different parts of the Final Act.

For the Soviets, the slightest admission of guilt was out of the question, even if discreetly and adroitly formulated. And if certain proposals were accepted, they would have to be free of any pejorative connotation. The Soviets repeatedly asserted that detente could gain ground only through such measures as nonrecourse to nuclear weapons or official renunciation of the neutron bomb.

The two viewpoints were so widely divergent, that it would no doubt have been wise to acknowledge the fact. This was not done. The increasingly acrimonious debates went on for several months. Even though Western delegates had said all they considered fair to say about the threats to detente, the U. S. delegate, under pressure from certain American lobbies and prompted by his own personal fantasies, incessantly reverted to the "full-scale review," and thereby succeeded in progressively alienating some of his country's friends who were vexed by the incoherence of his remarks. The length and repetitiveness of his attacks were a windfall for the Soviets because it gave them a wonderful opportunity to divert attention from the real issue, at least partially.

Lastly, in the view of Western nations, what was called the "failure" of Belgrade had been concerned with secondary matters. Yet this failure issued a warning. By inordinately prolonging the debate on new proposals, Western delegates had weakened the importance of these proposals in the eyes of their public opinion which thus felt frustrated. Probably still more serious was the fact that they had revealed profound dissension within their ranks. And they had "discouraged" some neutral and nonaligned countries, even though the latter had agreed with their analyses and misgivings. To give but, one example, the West had failed to realize that the Belgrade conference could but reflect a situation, that it was only a sort of camera and that its pictures, unless faked, could depict only reality. It was impossible to conceal clouds and make a blue sky out of a sky that was not blue!

Belgrade would have been a real failure if each delegation had returned home satisfied with a small package of new economic, social, and cultural proposals, plus an anodyne final communique! This communique tried to make us believe that detente was still continuing and remained viable, whereas subsequent events were to prove the exact opposite: trials of the dissidents, boat peoples, coups in Kabul and Yemen, invasions of Cambodia and Afghanistan, and so forth from Belgrade to Madrid without interruption. And without hope?

Towards Another "Failure"

To prevent history from repeating itself in Madrid, delegates must definitely look simultaneously at the conference's objective and return to the source document. The spirit and letter of the Helsinki Final Act should be used as a reference to dispel all illusions and clearly establish what is possible and the means to achieve it.

The lessons of Belgrade are quite clear, and yet the most persistent illusion has steadily continued to grow. Numerous "diplomatic" meetings have bolstered the idea that a good agenda and new methods of work could produce substantial results this time. Official statements may have had this effect on the preparations for Madrid. But on the eve of the opening of the conference, we are forced to admit and proclaim that the combined conditions of a useful conference still do not exist. The picture is even gloomier than on the eve of the Belgrade meeting because the attacks on detente have steadily increased in gravity and number since Belgrade.

In gravity: convictions, expulsions of "dissidents" relentlessly pursued at an Olympic tempo, particularly in the USSR, with utter contempt for pledges and commitments.

In number: efforts to eradicate "dissidence" by every possible means, plus the occupation of Afghanistan by Soviet troops and the attempt to subject that country's people to a government brought into the country by the Red Army. In Afghanistan, the Red Army is employing all the modern means of destruction, except nuclear weapons, in bombing villages, deporting populations, destroying vegetation, etc. The Red Army has the complete arsenal required to the perfect aggressor. The USSR's violations of the Final Act have been so numerous and so grave that any hope that it could be beseeched and persuaded to make some gestures has finally crumbled. Could a gesture or vague promise made at the right moment recreate the illusion? We must beware of this and reiterate that respect for the rights of "dissidents" and total withdrawal of Soviet occupation forces would be the only way to restore that indispensable climate of confidence which is the cornerstone of detente.

Because it does not believe in miracles, the French Government had first considered requesting that the conference be postponed. This rather logical approach entailed the danger of halting a process that has not lost all of its value. In addition, those nations who proposed to emphasize, within a special framework, the still necessary conditions of detente, would be deprived of a forum. This approach also allowed others to escape a dreaded full-scale review and at the same time offered them the opportunity to shift the blame for "failure" onto the shoulders of those who would have refused to come to Madrid.

The idea of a postponement having been abandoned, the Madrid conference is, therefore, about to open. What will be done there? Although the course to follow is clear, there is no assurance that it will be followed. There is even the fearful possibility that by refusing to face reality and by forgetting the lessons of Belgrade, several countries, full of good intentions but devoid of imagination, may well end up following the course the Soviet's want them to take.

Two objectives will govern the Soviet delegation's attitude. The first is to have the atmosphere and possible decisions of the conference give the impression that detente is still viable. The second objective is to prevent the accusations leveled at the USSR from being "recorded" in any document, even by way of some veiled allusion.

To achieve its first objective, the USSR will probably take a conciliatory attitude toward certain proposals in the social, economic, scientific, and even humanitarian fields. To achieve its second objective, the USSR could, if necessary, exercise its veto power. While these two tactics are hardly reconcilable, the Soviet delegation--luckily for it!--does have a way of eluding the contradiction. It can rely on delegations from neutral and nonaligned nations, indeed even perhaps from some Western powers who, confounding form and substance, and to avoid "breaking" the camera, would countenance abandoning the spirit of Helsinki, a spirit based on balance and concessions, in favor of sectorial progress.

For the West, the objective is obvious. Responsibilities for the situation must be frankly stated and detente must be corrected, not by the subterfuge of paltry pledges but by a change in behavior, a change duly and regularly verified "without

aggressiveness or complacency." Madrid must be the occasion on which to try once again to make the Soviet Union understand that detente is not a one-sided process, that it has its rules, and that it would be dangerous to refuse to act accordingly. For this reason, the proposals the West might make ought to cover all fields and be so worded as to permit appraisal of the violations of principles, noncompliance with which has jeopardized relations between states. Ambiguity is the snag that must be avoided. The lesson of Belgrade is quite clear: too many proposals result in lengthy debates that divert the attention of public opinion from the essential issues to petty questions. If no proposal were to be adopted after long months of discussion, everyone would scoff, as was the case in 1978. If certain relatively trivial recommendations were to be adopted, everyone would say, and rightly so, that the mountain had labored and brought forth a mouse.

The French Government is no doubt aware of this danger and for that reason is preparing to submit really new proposals that, while in keeping with the spirit of Helsinki, would start to get the conference back on track. The idea would be to no longer be content with formal gestures and empty phrases, but to take a decisive step forward toward disarmament. The Final Act already calls for "confidence-building" measures. Their noncompulsory character and other limitations have minimized their scope and impact. By recommending that these measures be made compulsory and the scope of their applicability be decisively expanded, the French Government proposes to feel out the intentions of each and every participant.

This French initiative actually creates multiple problems. There are arguments in favor of opening a dialog on this subject in Madrid. The Final Act contains an explicit reference to it, and the Belgrade communique includes the commitment to discuss security questions at the Madrid conference. Finally, as indicated by the Yugoslav delegations' last-minute efforts to "save" the Belgrade conference, the neutral and nonaligned nations attach great value to it. Success in this area could, therefore, help enhance the importance of the "aftereffects" of the Conference on Security and Cooperation in Europe. All of this probably explains why France reportedly plans to go beyond confidence-building measures and speak about disarmament in Madrid.

Yet while France has its own plan, the Warsaw Pact likewise has its own ideas, and the overwhelming odds are that it will be able to stir up a great deal of controversy over them both during and after Madrid.

There are, of course, other risks. The most serious risk is that adoption of "military detente" as a course of action may contribute to shifting the post-Helsinki center of gravity and relegating such prime concerns as human rights and the rights of peoples to secondary rank. At worst, there is even the danger of "eviscerating" meetings like those in Belgrade and Madrid, in favor of a specialized conference or body that would no longer deal with anything but the problems of disarmament in Europe, without anyone being able to guarantee that it will do better than similar bodies in Geneva or Vienna!

There is also a second risk, namely that in the immediate future the Soviets might use this new approach as an additional means of bolstering their campaign against the deployment of Pershing missiles in 1983 as approved by NATO in late 1979 to counterbalance the deployment of Soviet SS-20 missiles. Any agreement--undoubtedly procedural--such as the formation of an ad hoc group of experts, will be exploited to show

that the Pershings are unnecessary and also to strengthen groups already reluctant to support the Pershing deployment, particularly those groups in the Netherlands and Belgium.

The third risk: if, as the French will request, the Madrid conference does confine its discussion to only those forces deployed in Europe, will this not mean accepting a localization of detente, whereas the West has continuously insisted that detente is global in character? There is no apparent answer to this contradiction!

Limiting the discussion to conventional forces, even though the East European countries want to include nuclear weapons and this view is shared by many neutral and nonaligned nations, is an additional element of risk. The fourth, which the Madrid conference would put into concrete form by creating a study group without having first established definite guidelines for its work.

It is obvious, therefore, that any decision, even one of a procedural nature, must of necessity have concomitant guarantees of real progress toward disarmament. And the way of meeting this requirement is actually to obtain approval of a policy of compulsory prior notification of maneuvers and control of troop movements, and lastly, to have the area in which all new confidence-building measures are applicable extended beyond the limits set in Helsinki, i.e. "in an area within 250 kilometers from its frontier facing or sharing with any other European participating state." If this area were made to extend from Gibraltar to the Urals, then the Madrid conference would have succeeded, as suggested in the Final Act, in "complementing detente in Europe by taking effective measures there which by their scope and nature would constitute steps toward disarmament."

We have not reached that point and undoubtedly will have to wait until the first few weeks of the Madrid meeting before making official proposals on such a delicate matter. To prevent the almost inevitable ups-and-downs of a gathering of delegates from 35 nations from further obscuring an already somber situation, should not serious thought be given to establishing a procedure that, in any case, preserves what is essential, in other words, the factual assessment of the situation. And do to this, would not the simplest way be to limit the time allowed for the "full-scale review"? Throughout this review process, which takes several weeks, should not an effort be made to enlighten public opinion which, when the full-scale review is over, would be officially informed of the conclusions drawn therefrom by the French Government. It is then, and only then, that Paris would determine whether it is advisable to make new proposals. There is no doubt that the net results of the full-scale review will be dismal and that opinion on what follow-up actions can be taken will be pessimistic. But in acting in this fashion, we shall remain free either to support this or that proposal or to accept responsibility for it, with due respect for the balances.

Furthermore, if necessary, and without waiting any longer, we could seek to put an end to any unnecessary prolongation of the discussions that, as in Belgrade, would ultimately and inevitably obscure the results obtained in the beginning.

Does history repeat itself or not? It teaches. And the lessons of Helsinki and Belgrade must be learned before the Madrid conference.

Soviet Response to Western Criticism

Paris LE MONDE in French 8 Nov 80 p 7

[Article by Daniel Vernet: "Soviet Press Takes the Offensive"]

[Text] The Soviet press is stepping up its criticism of the attitude of Western countries--except France--on the eve of the Madrid conference that is scheduled to begin, on 11 November, reviewing compliance with the 1975 Helsinki accords. Moscow is accusing Western nations of seeking "political confrontation" with the socialist countries, of wanting to place the latter in the position of defendants charged with violations of human rights, and of rejecting their constructive proposals calculated to create "a climate of cooperation," in short, of trying to transform the Madrid meeting into a "political corral." The news agency TASS noted that "the American delegation's main tactic consists in preparing provocations to be employed against the USSR and other socialist states."

The Soviets had expressed similar fears before the 1977 Belgrade conference, and to such a point that observers had been led to wonder whether the USSR was not actually seeking an adjournment. The same question arises anew on the eve of the Madrid conference, especially since after having initially appraised the Belgrade conference as positive, the Soviet press is now referring to the "negative atmosphere" which allegedly characterized that meeting.

Nevertheless, even though the Soviets do have some reservations, they seemingly do not want to take the initiative of a break that would eliminate a forum so symbolic of the detente of the 1970's. The weekly NEW TIMES warned: "The socialist countries are in favor of continuing the Pan-European process...but if anyone expects to transform the Pan-European conferences into an instrument of antisocialist policy and a cold war weapon, then this may have a serious effect on the Pan-European process initiated in Helsinki."

Hence the threat is a latent one. But inasmuch as the decision has been made to hold the Madrid conference, it must take place. At their October meeting in the Polish capital, Warsaw Pact foreign ministers even approved a Romanian proposal to hold another meeting of this type in Bucharest in a few years. The communique of this foreign ministers' meeting explained: "At a time when the international situation is complicated, the Madrid conference becomes increasingly important" and must "confirm detente as the major trend in the European situation." The USSR and its allies claim that for the conference to succeed, it must devote most of its deliberations to the prospects of detente, particularly in the military field. "Of course, those delegations desiring to have an exchange of views on the implementation of the Final Act will have every opportunity to do so," TASS explained as if this were a major concession, "but without thereby preventing the Helsinki process from making progress."

Griat to the USSR's Mill

From the very beginning, the socialist bloc, for quite understandable reasons, has wanted to give preferential treatment to the Final Act's first two "baskets" at the expense of the third basket. Baskets 1 and 2 cover questions relating to strengthening security and peace in Europe, and to economic and commercial cooperation. Basket 3 has to do with cooperation in humanitarian and related fields, including information and human contacts. According to this socialist view, the first two baskets must be

the subject of actions common to all 35 signatory states, whereas the third basket is each government's own concern.

On the first point, the socialist countries propose that the Madrid conference examine "the military aspects of security in Europe and concrete measures" (to strengthen it) "and that it approve the convening of a conference on military detente and disarmament in Europe, and specifically establish the time, place, and agenda of that conference. "In their view, this is "the most pressing task." Poland has suggested that this conference be held in Warsaw.

This proposal, first made by the consultative committee of the Warsaw Pact heads of government in May 1979, revives an idea initially launched by the President of the French Republic. Yet Giscard d'Estaing's proposed conference on disarmament in Europe differs appreciably from the USSR's proposals. The USSR seems to be more interested in "confidence-building measures" than in real disarmament. It wants to include all weapons, even nuclear, in the negotiations, whereas in the French president's opinion the principal danger threatening Europe stems from the build-up of conventional forces. Lastly, the USSR does not want any of the measures that could be approved to apply also to the non-European part of its territory.

The USSR is also reiterating its proposal for a Pan-European energy conference. And within the provisions of Basket 3, it urges delegates at the Madrid conference to "resolutely" declare their opposition to use of the mass media "to increase international tension and accelerate the arms race." The USSR also urges delegates to adopt a "moral code for international journalism" so as to eliminate attacks against East-West detente.

The USSR has prepared a two-stage response to criticism of its human rights violations. In the first stage, it strongly denounces conditions prevailing in capitalist countries. In this campaign of denunciation, everything is grist to the USSR's mill. It denounces the "new" American nuclear strategy, the Olympic Games boycott which it contends is contrary to the spirit of Helsinki, the publication of an anti-Soviet history textbook in France, as well as the existence of a psychiatric prison in Great Britain or (Justice Minister) Alain Peyrefitte's "security and freedom" plan which represents "an attack against workers rights."

In the second stage of the USSR's response, its representatives assert that human rights are "solidly protected by the Soviet Constitution and laws." The USSR even wants to turn the recent trials of dissidents to its advantage. Some defendants having acknowledged their "errors," the USSR will endeavor to show that the trials were fair. Defendants who were convicted knew they were guilty, while those who "repented" were shown clemency. Nevertheless, the Soviets have so few illusions about the strength of their case that they would certainly rather not have to defend it.

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REPORT INDICATES NATURAL GAS DEVELOPMENT COSTS HIGHER

Copenhagen BERLINGSKE TIDENDE in Danish 23 Nov 80 p 3

[Article by Johannes Bundgaard]

[Text] The natural gas project will give Denmark a tremendous deficit. At best the deficit in terms of 1977 prices would be 13 billion kroner in the year 2000. At worst it could be 34.7 billion kroner and the most likely figure is 29.1 billion. This enormous price would be paid for a less assured supply than in the case of oil.

This is the conclusion of three reports from B&W-Damp, Inc.'s planning division on the most extensive and detailed calculations ever made on the "profitability of the natural gas network for Denmark."

Neutral Calculations

The extensive computer calculations were made by the firm's energy planning division as part of the concern's long-range planning in the energy sector. They were not meant as a defense of or attack on the natural gas project. The intention was, as the introduction says, "to present a number of calculation results which in our opinion should be included as part of the basis for decisions made by the government and Folketing."

The intention was never fulfilled. The reports were designated internal working material and never reached Folketing. The big computer models used for the calculations still exist, however, and could be used if the growing demand in Folketing for a new evaluation is carried out.

The results of the 1978 calculations were shocking in comparison with the results others had come up with. The Trade Ministry thought that in 1995 society would have received earnings of 10.2 billion kroner in 1975 prices. The oil industry's Joint Committee calculated a deficit of 3 billion kroner for the same period at the same prices. The Finance Ministry later estimated the proceeds to society in the year 2000 at 7.7 billion kroner in 1977 prices.

Prices Incorrect

Calculations with the help of the computer model on the same terms used by the Finance Ministry in its so-called investment report gave the same results with great precision, demonstrating the reliability of the model. Then they added the conditions that have changed in the meantime and those not included at all in the government calculations. All led to a poorer end result.

Gas and oil prices were set too high in the first calculations. Real interest rates were higher than originally postulated. The limits set on the natural gas project by the VS [Liberal-Social Democratic] government resulted in a substantial deterioration. In addition the government had failed to take into account household expenses in a transition to gas operation. Ordinary loss of gas in the pipeline was not included and finally the government had set the so-called lower fuel value for gas 9-10 percent too high. That alone brought the calculation results down 2.4 billion kroner.

Finally different calculations were made of gas price increases in excess of price increases for other forms of energy. The government did not count on this even though demand for gas in Europe might rise so rapidly that prices would be affected by the price of liquefied natural gas.

Guaranteed Supply

Since the aim of the apparently loss-producing project was to create guaranteed energy supplies it should provoke objective interest that the reports estimated that the certainty of gas supplies would be much lower than the certainty of oil supplies.

Against this background an independent report estimated the profitability of a project based simply on bringing the gas ashore, distributing it to the southern Jutland region and exporting the rest to the European gas network.

The result is a surplus of a good billion and internal interest on the project at 17 to 20 percent. All depending on price fluctuations. Against this stands the fact that the government has calculated internal interest on the gas project at 6 percent, a figure which according to the model calculations must be reduced to a loss-producing 1 percent.

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GAS TURBINE POWER PLANT NEARING COMPLETION

Paris L'USINE NOUVELLE in French 27 Nov 80 p 99

[Article: "Gas Turbines: A Second Youth Thanks to Coal"]

[Text] By putting two gas turbines into operation very shortly in Brittany to deal with the electrical shortage in this region, the French Electric Company will complete its knowledge of this technology, which could, with the gasification of coal and the combined cycle, bring about a solution of the peak period problem in 1990.

In the next few weeks, Brittany will finally have the means to deal with an unforeseen rise in the demand for electricity. The installation of two gas turbines, decided upon by the public authorities after the big blackout of 19 December 1978, is practically finished, and the first trials are about to begin.

Built on the site of the 70 MW heavy-water atomic energy plant of Brennilis in Finistere, these two Alsthom-Atlantique turbines, 85 MW each, cannot make the claim of solving Brittany's electrical shortage, but they will allow the peak periods to be handled.

Brittany, let us remember, must rely on the Loire for nearly 94 percent of its electricity. The means of production installed in the four Breton departments only covered 6.4 percent of the needs in 1979, and they will only represent 16 percent of the needs in 1985. Even if the two atomic series at Plogoff are built, only 62 percent of Brittany's needs will be satisfied. So these two turbines, to which will be added two others of the same power which will be put into service at the end of 1981, on the Dirinon site near Landernau, can only, obviously, make up the difference.

Reliable Machine, Reasonable Investment, But More Expensive kWh

However that may be, this is an installation on which the return is certain; it could even be brought to play a considerable role around 1990 in handling the peak periods.

A gas turbine is essentially a machine which uses the expansion energy of a high-temperature combustion gas to produce electricity. It consumes principally distilled heavy fuel, domestic fuel or natural gas (this last is a preferred fuel, for it

permits a great operating flexibility). According to the specialists, a gas turbine is a reliable machine which permits the adjustment, under good conditions, of the production facility according to changes in the demand for electricity. Also, the investment is reasonable: in the economic conditions of 1 January 1980, the investment corresponding to the installation of this pair of turbines was estimated at 2000 francs per kilowatt (the cost is 3600 francs for an atomic plant).

In return, a gas turbine produces an expensive kilowatt-hour. Taking into account the small power of the unit, an average use of 500 hours per year, and an amortization of the installation calculated over 20 years, the cost of a kilowatt-hour produced at Brennilis will be on the order of 70 centimes, of which approximately 20 centimes represents the fuel (the price of a nuclear kilowatt-hour is 13 centimes).

In fact, such a machine devours 24 tons of fuel an hour, or 32,500 cubic meters of gas! As to the output, it is inferior to that of steam turbines. For Alsthom-Atlantique, the only French builder of gas turbines in this range of power, which has had solid experience since 1956 with a long series of 25 MW and at least thirty 85 MW turbines, current technical changes could erase many disadvantages mentioned previously.

The needs of a part of the clientele wishing to have at its disposal ever more powerful and better-performing machines has led Alsthom-Atlantique to add two new turbines to its present range. The first is a new, more powerful version of the Brennilis turbine; it will produce 107 MW, with a 32 percent output (the first two will be installed in Ireland); the second will have the volume of the 25 MW model, but will produce 38 to 40 MW. The prototype is being built at Belfort.

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GEOTHERMAL WELL WOULD SAVE 4,500 TONS OF OIL YEARLY

Paris LE MATIN in French 25 Nov 80 p 14

[Article by Gerard Mejean: "Geothermal Energy: First Drilling Will Not Cost Over 280,000 Francs"]

[Text] The city of Valence hopes to heat 8,000 lodgings by using its aquiferous reserves. To "see" if this can be done, it need only risk a modest sum.

By way of Melun, Creil, Mont-de-Marsan, and Lodeve, where it has become a reality, and of Strasbourg, Bordeaux, La Courneuve, and Orly, where drillings are under way or completed, geothermal heating is slowly making headway. Today, it is Valence (Drome)'s turn to gamble on geothermal energy. It is a gamble on which the city administration need put up only 280,000 francs, to "see," of the 14 million francs the first drilling will cost. If the results are positive, the municipality will be able to heat 5,500 lodgings and some administrative offices from its underground reservoir of water at over 100°C, thus saving over 4,500 tons of equivalent-oil yearly.

Studies carried out jointly, since 1974, by the BRGM [Bureau of Geological and Mining Exploration] and the Geophysics Company, have shown very promising results. A reflection survey begun in 1979 at the Geothermal Energy Committee's request has revealed the existence of aquiferous reservoir being sought at between 3,000 and 3,600 meters deep. As a result, the water temperature will vary between 100°C and 115°C. The first test drillings will begin in a few days. They will be conducted by the Elf-Aquitaine Company and will cost 14 million francs, to be covered by the Geothermal Energy Committee (6.8 million francs), the European Community (1.1 million francs), the Rhone-Alpes region (1.1 million francs), the Department (1.1 million), Elf-Aquitaine (2.7 million) and the Valence municipality, which will contribute only 280,000 francs.

If the initial results, which will be known in 3 months, are negative, the city will have lost only a minor amount of money. If they are positive, it will have won its wager. It will then reimburse Elf-Aquitaine's investment and a part of the Geothermal Energy Committee's grant, and the second phase of the project will start, that is, a second drilling and installation of the necessary pipeline. The entire operation will require an investment totaling over 40 million francs. A

very detailed economic study has identified a listing of future users of Valence's thermal network: 17 potential clients (government services) representing 4,000 equivalent-lodgings were identified, in addition to the 5,500 lodgings of the ZUP [Zone Designated for Immediate Urban Development] and the Polygone district.

The initial connections to the network will serve the latter lodgings and 2,500 of the equivalent-lodgings. The first heat will be made available during the 1981-1982 winter season. It is estimated that the use of geothermal energy will result in a savings of 4,500 tons of equivalent-oil yearly.

For the first time in France, the city administration will retain control of the operation and will decide the selling price of heat to its clients.

"This is an interesting and delicate operation," comments Roger Leron, first assistant to the mayor of Valence, "--interesting because it can give Valence true energy self-sufficiency, and delicate because of the number of participants, and the government's prior conditions and refusal to exceed the estimated cost, a moderate one for this type of undertaking, notwithstanding our project's uniqueness and difficulty of achievement."

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CSO: 3100

STORMS PREVENT RECOVERY OF TRAPPED OIL FROM SHIPWRECK

Paris LE MONDE in French 21 Nov 80 p 36

[Article by Marc Ambroise-Rendu: "The Government Decided to Continue Tanio's Oil Recovery Operation"]

[Text] Will Brittany ever be freed from the 8,000 metric tons of oil which have been trapped, since last 7 March, in the Tanio's wreck laying off Finistere by 91 meters depth? Once more, on Friday 14 November, a storm has knocked over the system setup to attempt to pump out the oil. The tanker "Port-Joinville" broke its lines and it was forced to return to Brest.

This failure, which follows a number of similar ones, has forced the Sea Inter-ministerial Committee headed by Aymar Achille-Fould to reconsider the justification for going on "at any cost" with an operation which certainly did start badly. Gilbert Delauze, director of COMEX (Maritime Appraisal Company) the firm commissioned to recover Tanio's oil, has been summoned on Tuesday, 18 November, to Paris.

After 3 months of work, results are not exactly encouraging. Only 400 metric tons of fuel have been pumped out, and already the expenses are in excess of 80 millions French francs. It is true, as the COMEX director argued, that there has been a succession of bad breaks.

His firm does not lack technical references. It has successfully recovered the 10,000 metric tons of oil from the "Boehlen," an East-German tanker which went down off Brest, in January 1976. Therefore, it was quite natural for the authorities to request that its technicians handle Tanio's wreck. COMEX offered the system which had been so successful then: to warm up the oil so that it would be fluid enough to be pumped out. In the Boehlen's case, oil was burned as it was recovered. For Tanio's wreck, it was decided to salvage the recovered oil. This was to be loaded into a "lighter-tanker" - "Port-Joinville" - which was itself anchored to an articulated column of 120 meters long, 5 meters wide, with its base resting on the ocean floor.

The French Navy, entrusted by the government with the surveillance of this operation, signed an agreement with COMEX. As indicated by our Brest correspondent, Jean de Rosiere, this firm contracted to empty the shipwreck before the first of September 1980 for a sum of 50 million French francs. Every day of delay was to be penalized, except for those produced by bad weather interferences or because of unforeseeable technical difficulties. By the end of September, COMEX divers--some 25 men operating in relay--opened in the shipwrecked hull 4 holes to which flexible hoses were attached, to serve in circulating the hot water/oil mix toward the sea surface. Fourteen other holes were to have been made to get access to the various ship compartments.

In order to make up for lost time, it was decided to simultaneously pump and cut holes. Unfortunately, the tip of Brittany peninsula was to be hit by storms much more early in the season than usual. So that COMEX was only able to pump out three hundred metric tons of oil, between October 4 and 6.

243 Millions Are Available

Since then, a chain of technical difficulties and spells of bad weather has practically blocked the rescue efforts. Twice the lines which moor the "Port-Joinville" to the articulated column have been broken; the flexible hoses too have been damaged. Repairs of these damages had to be done either in Brest or Roscoff harbors. Finally, everything was ready last week to start pumping again. The hot water system had been activated, the pipes verified. A 5,700 hp tugboat, "Alexandre," had been called-in to assist in maintaining the "Port-Joinville" tanker on station over the wreck. Another storm has completely reduced these preparations to naught.

Should one persist? If it is remembered that good weather will probably not return before spring. COMEX director has indicated that more "flexible" lines will be installed, together with pipes of a smaller diameter. The Sea Interministerial Committee has given its agreement to the continuation of the operation(1).

It is true that, following the Brussels Agreement of 1971, it is the International Compensation Fund which is supporting the cleaning operation. The maximum amount by the Agreement is of 54 million of U.S. dollars (equal to 243 million French francs). So, there is still a wide margin before this amount is reached.

It is also true that local authorities and French elected officials are afraid of an eventual interruption of the cleaning operation and, who knows, another black tide. On 4 December the parliamentary members of the Sea Committee are due to visit the "battle scene." Finally, the results from the technical investigations into the shipwreck circumstances, requested by the Transports minister, are expected shortly. The Tanco's affair is only starting to develop now.

(1) On 19 November a dozen of elected members of the administrative committee for the coordination and surveillance commission of the coastal communes guided by Jean-Yves Simon, head of the committee, a county councillor, (PS) went to Roscoff, where COMEX has a base, to proceed with their own inquiry. This--as they observed with regrets--because their "requests for information directed to Messrs Achille-Fould and Barre had, to this day, not received any answer."

FINANCE MINISTER SAND DISCUSSES OIL DEVELOPMENT POLICY

Copenhagen BERLINGSKE AFTEN in Danish 7 Nov 80 pp 1, 5

[Article by Kirsten Mikkelsen]

[Text] Stavanger and Oslo--International oil companies are standing in line to get a chance to drill for oil and gas on the Norwegian continental shelf in spite of high taxes and state involvement and control. Norwegian Finance Minister Ulf Sand told our correspondents in reference to the Danish oil policy: "We couldn't live with that in Norway."

If Norway did not have oil and gas there would be a lot of Norwegian unemployment today. Therefore the Norwegian man in the street's dream of driving a Norwegian Volvo and hiring a Danish chauffeur will never become a reality. But with the amounts of oil and gas already found in the Norwegian shelf and new finds indicating gigantic reserves reality is good enough.

The oil and gas in Norway belong to society. National guidance and control, state involvement, modern concession policies, moderate development tempo, Norwegianization of activities, public spirit and national freedom of action are words heard over and over again in energy circles and among people from the ruling Labor Party as well as from the biggest opposition party, the Conservative Party.

Norwegians seem to have stopped calculating in millions of kroner, everything is counted in billions. They juggle with future revenues so large that Danes usually hear of such amounts only in connection with obtaining foreign loans and with the national budget.

Our reporters have talked with politicians, economists and industrial people in Stavanger, the center of the Norwegian oil industry, and in Oslo where strategy is planned and the oil billions are controlled.

No matter who you talk to, everyone knows the current price of a barrel (159 liters) of Arabian Light, the Saudi Arabian oil that sets the price for the entire international oil market, currently \$36 a barrel. And everyone knows the North Sea oil is of the highest quality.

The Greeks, for example, have just been in Norway to beg the Norwegians to sell them low-sulfur oil--in reference to preserving the Acropolis which is being worn away by high-sulfur oil pollution.

The finance minister, the oil and energy minister, the deputy minister of industrial affairs, the director of the National Bank, the director of the Norwegian Industrial Association and people in the oil industry all get a faraway look in their eyes at a mention of Danish oil extraction and concession policies.

Undersecretary Trygve Tamburstuen, deputy minister of industrial affairs: "We have planned an oil policy that is diametrically opposed to the Danish one. We have obtained the highest level of competence from the international oil companies but on our terms. Over here we look with amazement at the way matters have been approached in Denmark.

After tax rules were tightened up--as approved by Storting this spring--Finance Minister Ulf Sand has at his disposal 85 percent of the oil and gas revenues from the Norwegian shelf. In 1981 this will mean 29 billion kroner going right into the state treasury. Of conditions in Denmark he said with a laugh: "I don't know much about that but as far as I can see we couldn't live with it in Norway." England has a similar taxation of oil revenue. "They got that under the Labour government. But look at Thatcher and see if she changed it."

Unanimity on State Involvement

In Denmark a succession of Social Democratic regimes is responsible for Danish concession policy and the monopoly over oil and gas extraction from Danish subterranean areas held by DUC, the Danish Underground Consortium, today. In the North Sea, however, 70 percent of the monopoly is held by the three multinational companies, Shell, Chevron and Texaco. Only the 30 percent owned by the owner of the concession, A. P. Moller, is in Danish hands.

Last Monday the Nordic energy ministers met in Helsinki where Poul Nielson also talked to his Norwegian colleague, Arvid Johanson, who is new in the post of oil and energy minister. Arvid Johanson told this paper that he did not give his Danish colleague good advice but that "some things here might be of interest to Poul Nielson."

The state oil company, Statoil, which in principle but not in practice corresponds to DONG, Danish Oil and Natural Gas, Inc., entered into 50 percent of all the activity in the North Sea 8 years ago. The decision on state participation in oil activity was unanimous--to date the only thing concerning oil production on which there has been 100 percent agreement by the six parties in Storting.

Since then there has been political disagreement on the extent of Statoil's involvement in exploration, extraction, transport, refinement and marketing. The Conservative Party is afraid that Statoil is developing so much power in the Norwegian society that it is becoming a state within the state.

Statoll has 1100 employees in Stavanger, 10 of them foreigners. When Norway became an oil nation many Norwegians returned home to join in. Some of them had 15, 20 or 25 years of experience in the oil industry in other lands.

Taxes at 85 Percent

"Statoll is part of things from the first study to the time the drops flow out," Finance Minister Ulf Sand told us. "We see the international companies with their foreign expertise as a necessity for us. Nationalization has never been seriously considered. We follow developments on the price front closely. If there is a sharp rise in oil prices the present tax system would be inadequate and we would have to tighten it up more."

This spring Storting tightened the tax screws from 70 to 85 percent without opposition from the nonsocialist parties. The oil companies protested loudly. For a while the government feared that the tax increase might result in the big oil companies losing interest in the marginal fields but the fears proved to be unfounded. Even with 85 percent in taxes and fees it pays the big oil companies to extract oil and gas from the smallest Norwegian fields.

In Norway expropriation has never been considered as it has in Denmark. The wild competition among the big oil companies is regarded as an advantage for Norwegian society. And things are happening in the North Sea. The traffic is so hectic that 800,000 people are flown by helicopter between the oil fields and the mainland each year.

Lining Up for Concessions

Oil companies stand in line for consideration when concessions are being granted on the Norwegian shelf. The seven oil sisters and eight half-sisters are already drilling. In the fifth round of concessions last year 27 companies applied, this year almost a hundred companies--some more serious than others--are ready to leap at a concession. They know the terms:

The company getting the concession pays for all the costs of the exploration stage. In spite of its 50 percent share Statoll does not spend a single krone on exploration. Not until oil has been found and extraction begins does Statoll start helping out with the expenses.

A concession contains requirements for following a work program, for example a 6-year program with five holes being drilled the first year. Otherwise the field has to be handed back. At the same time the company pays a big area tax. Areas are divided into fields of 500 square kilometers each. For purposes of comparison the Danish sea and land area consists of 142,000 square kilometers.

The Norwegian state receives a payment, royalty, on the oil, from 8 to 16 percent depending on the amount. Royalty is paid in the form of crude oil at the moment. The royalty on gas is 12.5 percent.

The year after A. P. Moller received its monopoly on Danish underground exploration in 1962 the first Norwegian exploration permits were granted. The first

extraction permits followed in 1965. Then a barrel of oil cost \$1.80. Since then a special tax of 25 percent was introduced and it has now been raised to 35 percent. The stockholder company tax is 50 percent. Royalties are deductible. Investments connected with oil extraction can be written off over 6 years. (In Denmark the royalty is 8.5 percent, the company tax 40 percent.)

The companies looking for oil on the Norwegian shelf must turn over all study results to the state Oil Directorate, giving it a picture of what the shelf contains. To assist the Oil Directorate in its supervision there is a law in Norway saying that "all relevant material must be accessible."

About 10 percent of the Norwegian shelf is being surveyed today.

Expensive Holes

Roughly 10 billion kroner a year has been invested in the last 5 years in exploration and extraction of oil. The state's investment share as of 1 January 1980 has been 7.1 billion kroner. From 20 to 25 holes are drilled a year south of the 62d parallel where almost all the activity occurs. Each exploratory hole costs between 30 and 100 million kroner paid for by the oil companies. The world's most expensive hole was drilled off Tromsø in North Norway and has "given fine indications that oil might be present here," as Sigurd Heiberg, deputy director of the Oil Directorate, put it.

One of the biggest and richest finds ever made at sea is the Statfjord field northwest of Bergen. Here the oil is lying in sandstone. Today they can get 50-60 percent of the precious drops out of the field but it is expected that new production methods will produce an even higher percentage.

The Danish oil finds have been made in chalk where 80-85 percent of the oil remains. The Norwegian Oil Directorate is very interested in the Danish chalk deposits because they also have similar areas. The Oil Directorate gets in touch regularly with the Energy Council in Copenhagen concerning these chalk deposits but DUC has no obligation to tell the Danish state about results of its tests, so the Danish authorities have a less clear picture of the Danish shelf than the Norwegians do.

"We have had concession owners give up several times after drilling a number of dry holes, but either we have told them to continue or someone else has stepped in and drilled nearby and a little deeper--and found oil, even way down beneath chalk deposits," said Sigurd Heiberg.

Seek--and you will find, that is the attitude of the Oil Directorate and the main office of Statoil in Stavanger. All power to fantasy, they say also in Statoil where information chief and geologist Arne K. Lervik stresses that many Norwegian oil finds are due solely to the imagination of various oil companies. No one can know if oil is there before drilling. It took 3 or 4 years and 20-30 unsuccessful drillings at the Statfjord field before oil was found. Now it is called the Gold Field.

Norwegian Hydro is also drilling for oil. The state owns 51.33 percent of the business and the rest is spread out among 60,000 stockholders. Information chief Odd S. Gullberg told us that Norwegian Hydro is also part of the oil explorations on the British shelf, in Sicily, in the Middle East, in the United States and in the Canadian Arctic. It is not unlikely that they will take part in the Danish part of the North Sea if the concession is changed.

"It would be surprising if the border line for oil and gas ran along the border lines of the Norwegian and British parts of the shelf. There is no reason to assume that the shelf in the Danish part of the ocean would look any different than it does in the Norwegian and British parts," said Odd S. Gullberg.

Starting in 1975 Statoil became partial owner of all new blocks. The oil from this is shipped to Norway but production is just now starting to get underway. Last year Norway had to import 7.6 million tons of oil, half of it from Saudi Arabia, Iran, Oman, Nigeria and the Soviet Union. The other--finer--half came from England, crude oil extracted from the Norwegian continental shelf but brought ashore in England.

Neither oil nor gasoline is cheaper in Norway than here.

Pleasant Problems

So much oil and gas has been found in addition to the fields that are being exploited that it is "quite incredible." One of the latest finds, a gas field off Bergen, could with further drilling turn out to be one of the world's biggest gas fields, bigger than the Groningen field in Holland. It contains 1200 billion cubic meters of gas--maybe much more. In comparison the Danish gas reserves are estimated at 100 billion cubic meters.

There is oil underneath the gas in the new field. That is a problem. If they can get the oil out the gas production will have to wait. They are not concerned with finding more right now. On the contrary the Energy Ministry has to ask the companies to hold back a little. "It's a pleasant problem," said Egil Helle, information director in the Oil and Energy Ministry. "We must set priorities in the years ahead. If we agree to expanding the Gold Block we must ask others to wait."

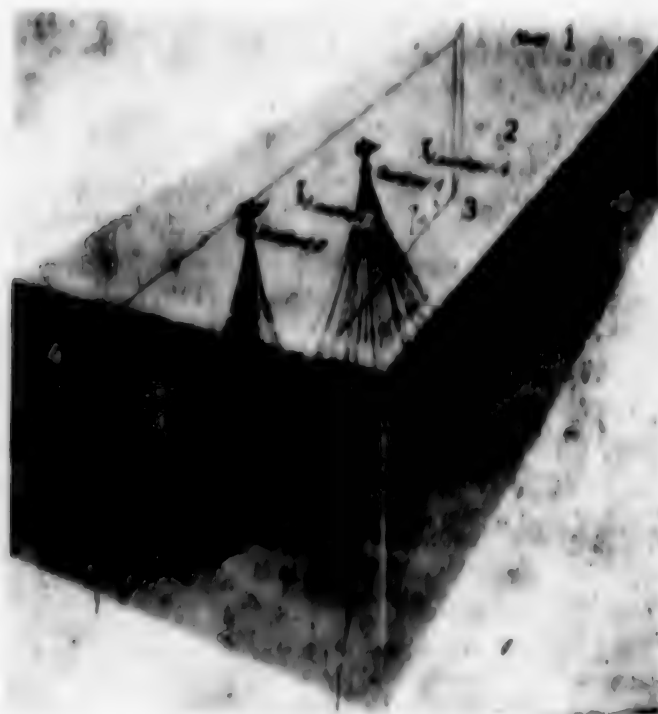
"We're trying to stick to a moderate extraction tempo." Oil and Energy Minister Arvid Johanson told this paper that a top limit of 90 million tons of oil and gas extraction a year has been set. "We must take into account our limitations with respect to equipment and manpower." The figure of 90 million tons is about 10 times Norway's annual consumption.

Last November production started at Statfjord A, the biggest production platform in the world. Statfjord is under construction at the shipyard in Stavanger. Statfjord C will follow later. By 1982 Statfjord A will be in full production, capable of delivering 15 million tons of oil a year (equal to the oil

consumed in Denmark). B and C will come in addition to that. Oil revenues from the Statfjord field alone in the 35 years of production there are expected to be 1200-1500 billion good Norwegian kroner at 1980 rates. The Norwegian krone is worth 20 percent more than the Danish krone.

No Need for Oil Pipelines

The Statfjord platforms required investments of 7.5, 10 and 12.3 billion kroner respectively. Measuring devices show how much oil goes through the oil line at the loading buoy that goes from the field to the ship--like gasoline at a gas station. Due to the possibility of producing enough supplies for 4 days they have achieved 95 percent regularity at Statfjord A with the loading buoy. Production has not stopped a single day because of bad weather or the like.



Cross section of the world's biggest ocean oil field, the Statfjord field with an average depth of 2440 meters. Starting in 1982 both Statfjord A and Statfjord B will be in production. The field lies partly on the British and partly on the Norwegian shelf and is owned by Statoll/Mobil group on the Norwegian side and by Conoco/Gulf/BNOC on the British side. There is cooperation on construction and production.

Key:

- | | |
|-------------------|--------------------|
| 1. North | 4. British shelf |
| 2. Loading buoy A | 5. Norwegian shelf |
| 3. Loading buoy B | |

Mobil Oil obtained a 10-year concession to the Statfjord field back in 1974. In 1984 Statoil can choose to become operator of the field if it has the capacity to do so. "It's always an advantage to be the operator, then you know with 100 percent accuracy what is going on at the field," said Arne K. Lervik of Statoil.

Sixty percent of oil deliveries to Statfjord A were made by Norwegians. The figure could be 80 percent for Statfjord B. The production platform is being built at the shipyard in Stavanger which has led to intense wage pressures in the region.

Gas Burned

Until Statfjord A really gets going enough gas is burned off daily to supply a third of Norway's energy needs. In the starting-up phase of Statfjord B from 6 to 8 million cubic meters of gas will be burned off each day. Later on the gas will be pumped back into the ground for future use but by 1985 it must be gone in order not to damage the reservoirs.

There has been talk of a gas pipeline to the European continent via Denmark and Statoil and DONG have met regularly about this but after Philips made it clear to the Norwegian government that 5 billion cubic meters of gas a year starting in 1985 and 10 billion cubic meters starting in 1990 could be received in the pipelines going from the Norwegian Ekofisk field to Emden in Holland, that seems to be the solution.

"An Emden line could also provide gas supplies for Denmark, this is always a possibility," said Oil and Energy Minister Arvid Johanson. "We have a special feeling for the Nordic lands, that is why we have initiated energy cooperation and we are prepared to cooperate on finding a solution that will satisfy Denmark too. We already cooperate on electricity supplies. Denmark would have an opportunity for contracts and deliveries via an Emden pipeline too."

Arvid Johanson added that Statoil still has very little oil for sale but there will be more in the future. "So it is natural to think of Sweden and Denmark."

At a meeting under the auspices of the Nordic Council in Sundvalen, Norway on 19 September Arne Oien, economic adviser in the Finance Ministry, told our reporter, Hans J. Poulsen: "We must be careful to set energy prices so that the countries we sell energy to won't waste it. Norway gives economic aid to underdeveloped countries but it is not going to do this by selling cheap oil to richer neighbors."

In Denmark there is talk of possible oil and gas reserves corresponding to 300 million tons of oil.

Norway's demonstrated oil reserves are around 1700 million tons--not including the enormous finds made in the last few weeks.

The Oil Directorate estimates that the resources in the Norwegian part of the North Sea amount to 4-5 billion tons of oil or gas in amounts equivalent to a ton of oil.

Pleasant problems, as Egil Helle of the Energy Ministry says.

The Norwegian proposal on Danish-Norwegian industrial cooperation in a third country in return for Norwegian oil and guaranteed supplies for Denmark will be described in more detail in these columns next week. We will also examine the poor competitiveness of Norwegian industry and the Norwegian fears of a Kuwait economy.

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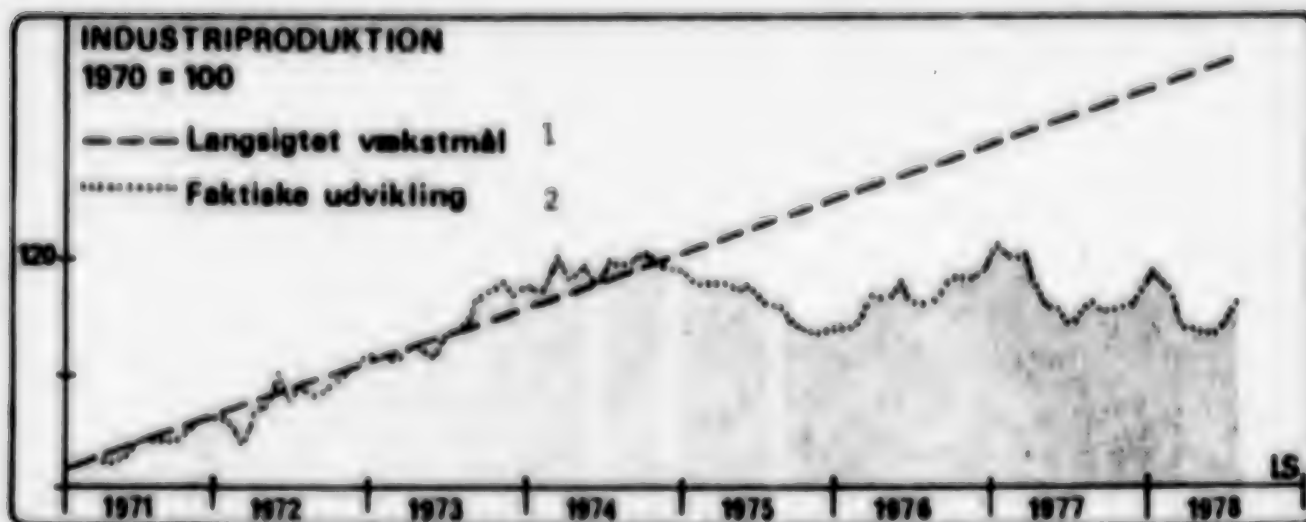
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POLITICIANS, ECONOMISTS CITE ALARM AT OIL OVERDEPENDENCY

Copenhagen BERLINGSKE AFTEN in Danish 14 Nov 80 p 8

[Article by Kirsten Mikkelsen]

[Text] Oslo--Norwegian politicians and economists complain that they have a hard time making people understand that in spite of the billions in revenue from North Sea oil there isn't more money available for hospitals, schools and other public investments. They fear a Kuwait economy based solely on oil money. Therefore the national debt must now be repaid and industrial competitiveness must be restored. A Danish-Norwegian industrial cooperation in a third country could help here. The Norwegian deputy minister of industry told our correspondents about his ideas on guaranteed energy supplies in return for Danish know-how.



Industrial Production

Key: 1. Long-range growth goal 2. Actual development

The oil is like a present from your uncle in America, as it says on one of the Chance cards in Monopoly. How do we handle this gift? Egil Bakke, director of the Norwegian Industrial Association, supplies his own answer to the question: "Poorly. The oil finds have tempted us onto the wrong paths."

He thinks the government and Storting have run wild. That Norwegians are living over their means. The oil money is being pumped out into a rapidly increasing public consumption and subsidies which protect business that can't survive the competition. The result is that from 1970 to 1977 competitiveness declined 35 percent and the level of industrial production is lower today than it was in 1974. Norwegian products have become too expensive.

The oil revenues have helped offset the effects of the shipyard crisis and the shipping crisis but aside from the oil industry the Norwegian economy is in poor shape. Even including the oil revenues there will not be the growth in the Norwegian economy in the years ahead that they had in the 1960's without oil.

Egil Bakke thinks it would be a good solution if the oil money disappeared directly into the vaults of the Norwegian Bank for lending out abroad later on. But he is well aware that this wish is Utopian.

Thanks to the oil revenues Norway will have a 10 billion kroner surplus in the 1981 national budget and will approach balance in its foreign economy. Taxes and fees from the oil and natural gas from the North Sea provide 28.7 billion kroner, or almost 30 percent of all taxes paid. Without the oil money there would have been an 18 billion kroner deficit.

This year the oil sector will account for roughly 15 percent of the gross national product (of more than 250 billion kroner). This share can be expected to double in the years leading up to 2000. This could help to increase the price and cost pressures already being felt in the Norwegian economy.

Fear of a Kuwait Economy

National Bank director Hermod Skanland, head of the Norwegian Bank, would also like to see more of the oil billions placed in the capable hands of the bank. However the oil money has been earmarked for spending up to the end of 1985 when in accordance with good old shopkeeper morality the country will have repaid all the short-term loans which stem primarily from investments in the North Sea and account for almost half of the total private and public foreign debt of 100 billion kroner.

In the second half of the 1980's Norway will not only be practically free of debt, the country will also be able to lend money to lands that were less fortunate when they drew a Chance card and instead of oil got exorbitant energy prices.

"In the future we will have the money in our hands before we use it. We must learn to economize with our funds," Hermod Skanland told us. "We must make people understand that there isn't more money for hospitals, schools and other

public investments which require a broad expansion of the number of public employees. We must be restrained when it comes to wage developments in order to improve our competitiveness abroad."

There can be no question of reducing taxes and there is no money for increasing private consumption, the director of the Norwegian Bank emphasized. "On the contrary the national budget must be tightened up substantially, we cannot continue with an expansive budget like the one approved for 1981. We could have big problems maintaining full employment. All the oil being found now will not produce revenue before 1990, after all.

"If Norway didn't have oil the living standard would be around 10 percent lower than it is today. Without the oil industry which employs 34,000 people and without the oil revenues which are channeled into hard-pressed businesses Norway would have massive unemployment. Today there is full employment."

The fear of a Kuwait economy based solely on oil money is great in Norway. Last year the Norwegian Bank wrote a strict letter to the Finance Ministry, informing the ministry that a budget like the one the minister had presented for 1980 could not be repeated. "But then the industrialized nations with their hoarding policies insured another price hike on oil by the OPEC lands. And we followed suit," said Hermod Skanland. "That took care of our economy in 1980."

Explosion of Expectations

Finance Minister Ulf Sand from the Labor Party agreed with the National Bank director that the explosion of expectations that occurred after the first big oil and gas discovery in Norway cannot be met. "We will not be handing out enormous growth possibilities, we will be presiding over the status quo," he told our reporters after having presented Storting with an expansive national budget for 1981. Private disposable income will decline a half percentage point while public spending will rise sharply.

The budget maintains a high level of activity but it is burdened by big price increases and escalating costs. In 1980 growth in wages was expected to be 11 or 12 percent, with consumer prices increasing 13 percent.

The tax burden is 52.5 percent but due to the progressive rate 10 Norwegians had to pay more than 100 percent of their income in taxes last year. Prominent foreigners in the oil industry are demanding net wages because of the harsh tax system. These high wages have a contagious effect on the wage demands of Norwegians.

From 1974 to 1977 prices in Norway rose 40 percent faster than they did in the average industrial nation and Norway has lost market shares both at home and abroad. In the last half of the 1970's Norwegian industry as a whole had no productivity growth and net capital in industry was reduced by a third in the 1970's. Total industrial yields were cut in half from 1974 to 1978.

In just 3 years, from 1974 to 1977, private consumption rose 20 percent, as did public consumption. After a wage and price freeze lasting a year and a half, ending in March, private consumption stagnated but public consumption continued to rise. Some 15 percent of the lost competitiveness in the traditional economy was regained in the last 3 years but some of the dynamism in industry is gone.

Price of Energy for Denmark

Norway did not have a strategy or market economy functioning in the last half of the 1970's. They are trying to make up for that with plans for renewed industrialization which will be presented to Storting after the first of the year.

Deputy Industrial Affairs Minister Trygve Tamburstuen said in a talk with BERLINGSKE AFTEN that the government wants to give industry a framework of terms so that it can strengthen its position. The cost level, wage developments and production developments are the weak areas. Currency policy and the entire tax situation will also come into the picture.

Norwegian industries can obtain cheap loans at 8.5 percent--compared with normal bank interest rates of 12-15 percent. Until now most of the new capital has been used for entirely traditional purposes.

In an effort to act more untraditionally and create a more internationalized industry an attempt is being made to link energy and industry. "We have oil and capital. We would like to become involved in a third country with Danish industry which is bigger and better and more internationally-oriented. But that of course depends on whether the Danes--from our viewpoint--place enough emphasis on guaranteed energy supplies which we can offer in return," said Trygve Tamburstuen.

It has never been the idea that Denmark would export jobs to Norway in return for long-range contracts on oil and gas, as the Danes have perceived things.

Cooperation in return for energy, as the Norwegians would like, has been introduced with Swedish and French industries and in connection with research projects in West Germany. The West German government has made 100 million D-marks available for joint projects. This in return created a basis for letting a German oil company in on activity in two parts of the Norwegian shelf. Oil has been found in one of them.

When Healthy Minds Think Sick Thoughts

People in Danish industrial circles are not enthusiastic about the idea of linking industrial cooperation and guaranteed energy supplies. The director of the Norwegian Industrial Association, Egil Bakke, also rejected the idea. "Such mercantile bilateral support can easily be both ineffective and elaborate. I have no faith in that kind of desk model. I have more faith in the free international system of trade. The solution lies in our own finance policy.

"Now we must use the oil revenues to take care of the harm that has been done as a result of the way in which we have used the oil revenues in the past. When

discussing state subsidies becomes more important than normal business economic matters, healthy minds start thinking sick thoughts."

There will be big structural changes in Norwegian industry in the years to come. Since 1974 industrial employment has declined by 20,000 jobs while public employees have increased by 60,000. This--along with hefty wage increases in oil-based industries--has exerted wage pressures on industry. If this development continues, by the year 2000 Norway will have twice as many public employees as it has today when the figure is close to 300,000.

Norway has 1.6 million workers. The idea is that future excess labor needs will be met by workers from other Nordic lands and not by guest workers, a practice they have now stopped, or by women who from a Danish point of view make up a large labor reserve. Only 27 percent of all Norwegian women work full-time. If women with part-time jobs all the way down to 1 hour a day are included the figure rises to 54 percent.

Fears of a Ruling Class

Egil Bakke quoted Danish Professor Jorgen Dich's ideas on public employees as the ruling class. Like many other Norwegians Bakke is afraid of the probable development in the number of public employees. He thinks it could be beneficial to reduce public consumption and totally eliminate many transfer payments.

Some 60 percent of the Norwegian budget consists of transfer payments: subsidies for food, housing, children, the elderly, students, the theater, fishermen, farmers, etc., etc. "Once an appropriation item gets into the budget you can't get it out again," sighed Bakke who also felt Norwegians should come to terms with the principle of getting something for nothing.

The dynamic director of the Norwegian Industrial Association often attracts attention with his viewpoints. Many are surprised when he tells them he is a member in good standing of the Norwegian Social Democrats. Incidentally he believes a hard political course is necessary with reference to the 400,000 industrial workers he is fighting for, workers he feels close to. Much closer than he feels to the bureaucrats hired by the state, he stressed.

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CSO: 3106

OIL DIRECTORATE OFFICIAL DISCUSSES NORTH SEA OUTLOOK

Copenhagen BERLINGSKE TIDENDE in Danish 11 Nov 80 p 3 Part 11

[Article by Bo Draebel]

[Text] Stavanger--The Norwegian fairy tale will just go on unfolding, according to Farouk Al-kassim, deputy director of the Norwegian Oil Directorate.

Norway is on the threshold of becoming a big oil nation. Recently such big new finds have been made in the North Sea that the test drilling alone showed reserves that could give a production of 90 million tons a year for 25 years.

"We estimate there will be reserves enough to produce that much for 50 years when everything has been explored but there is undoubtedly enough for 100 years since we have not counted any reserves that might exist north of the 62d parallel," said Farouk Al-kassim, deputy director of the Norwegian Oil Directorate which has its headquarters in Stavanger.

Farouk Al-kassim is used to having foreigners who are shown into his office rub their eyes, for what is an Arab doing in the Norwegian Oil Directorate?

Norwegian Wife

"The reason why I am sitting here is a tragedy with a happy ending," said the 44-year-old Farouk Al-kassim in fluent Norwegian. "I was educated as an oil biologist at London University and come from Basra--incidentally, Norway's future oil production will be about a third of that in my homeland, Iraq, and that is no small amount. In 1957 I married a Norwegian girl. We lived in Iraq for 12 years. Our youngest son suffered from cerebral palsy. Doctors advised us to go to another country where something could be done to treat him. Naturally we chose Norway. I wasn't thinking about oil at all. I came to save my son and I happened to come in 1958 when Norway made its first oil discovery. One day I went into the Industrial Ministry which handled oil at that time and offered my help and never got away again. My son is well now and I feel I have a mission in the service of the state. That is the story of my life. A fantastic coincidence of circumstances."



Farouk Al-kassim -- his son's illness brought him to Norway where they happened to need experts in the oil branch.

New Finds

In the so-called fourth round of oil area concessions in the region that has given Norwegians such bright future prospects the Oil Directorate assigned to drilling companies eight blocks of ocean floor, each 20 x 25 km. Test holes have been drilled in seven.

In Block 34/4 oil was found in the Triassic layer, the oldest layer in which oil has been found so far. They have drilled 100 holes in the block which is assigned to Norwegian companies and goes under the name of the "Gold Block." The wells contain just as much oil as Ekofisk but the finds consist of many fragments and extraction is expected to be complex. In 35/3 gas has been found in commercial quantities, Block 30/8 looks promising and 35/8 is a happy surprise because it was regarded as uncertain. Petroleum was found there. It is too early to say whether gas or oil will be produced. These blocks have already become part of the "national oil highway," as the Norwegians put it.

Expectations for Block 30/6, called the "Silver Block," were high in advance. So far gas has been found in amounts up to 30 billion cubic meters and there may be more. Oil and gas have been found in Block 31/4 but it is not yet known in what quantities.

"I should use superlatives in talking about Block 31/2," said Farouk Al-kassim, running over to his oil map with flashing eyes. "There it is," he points. "There is the pearl itself. Here they have found 40 billion cubic meters of gas and there is a 10-15 meter oil zone beneath the gas."

"When all the structures in the fourth round have been explored we expect there will be reserves of between 2600 and 3100 million tons of oil units. And Norway's position is that the gas should not be burned off. Both oil and gas will be brought up. This requires a strategy that will be ready early in the new year. The gas will be sold. The question is how and in what form. There is so much there that we can't use it all ourselves."

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CSO: 3106

AS SWEDISH ECONOMY FALTERS, FINNS RETURN TO HOMELAND

Stockholm DAGENS NYHETER in Swedish 17 Dec 80 p 14

[Article by Tor Hoanas, DAGENS NYHETER's correspondent in Helsinki: "Emigration Constantly Troublesome for Finland"]

[Text] What effect will this have on emigration? That question should be asked by every decision maker in Finland before he decides an issue, according to an emigration report which the Committee for Emigration Matters delivered on Tuesday to Minister of Labor Arvo Aalto.

The committee regards emigration as a very serious question for Finland and recommends a number of measures. At the Ministry of Labor a special unit for migration questions should be established, and a permanent emigrant delegation appointed.

Over 500,000 have emigrated from Finland since the second world war; most of them, or 450,000 to Sweden.

Those returning during the same period amount to about 235,000, so that the net emigration is about 280,000 people. That is six percent of Finland's population.

At the beginning of 1979 there were 193,000 Finns living in Sweden. But 400,000 people in Sweden are of Finnish origin, plus 200,000 in the United States, 60,000 in Canada, and 16,000 in Australia.

Return Migration Can Increase

Return migration has been brisk during the 1970's when over 180,000 Finns returned from Sweden. The net emigration is lower than last year, but the number of emigrants is still larger than the number returning to Finland.

"We can clearly assume that return migration from Sweden increases as we are successful in handling our employment situation well," said Riksdag member Ole Norrback from Osterbotten.

Norrback said that the change in the structure of the Swedish economy hits just the areas in which Finnish emigrants are employed.

Ole Norrback is a member of the Committee for Emigration Matters. He said that the Swedish-speaking numbers among the emigrants are twice as large as their proportion in the country's population would suggest.

The report indicates that emigration is a threat to the development of the Finland-Swedish population. The problem concerns all of Finnish society.

For the country on the receiving end the movement of emigrants is economically profitable, said the report which is the largest nation-wide of its kind. The receiving country gets young trained manpower. The immigrants usually get the less qualified, dirty and heavy labor which the country's own manpower does not want to handle.

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CSO: 3109

GERMAN-SPEAKING MINORITY WANTS REGIONAL AUTONOMY

Brussels L'EVENEMENT in French 11 Oct 80 pp 12-14, 17

[Article by Paul Francy: "German-Speaking Belgians Express Their Views"]

[Text] The Walloon Regional Council was "legally born" on 1 October. It is scheduled to meet officially for the first time on 15 October. The council is composed exclusively of members of parliament. Inasmuch as the German-language communes are attached to the Walloon region, three German-speaking Belgians are ex-officio members of this council. These three are Senator Daulne (Socialist Party), Representative Schyns (Christian Socialist Party), and Representative Everts (Liberal Party). They will most likely attend the 15 October meeting because they have already acknowledged, by their parliamentary votes, that their constituencies belong to the Walloon region. Will they issue a statement at the first council meeting? Only the future will tell.

The Council of the German Cultural Community (Rat der Deutschen Kulturgemeinschaft) is an altogether different matter. Its members are elected directly by universal suffrage. The three "traditional" political parties are represented on the council, plus a fourth party which has never had a candidate in parliamentary elections, namely the Party of the German-Language Belgians (Partei der Deutschsprachigen Belgier). We asked members of the four parties represented in the "Rat" to give us their views.

Rolf Lennertz, 27, belongs to the CSP (Christlich-Soziale Partei), in other words, the German-language PSC (Christian Social Party). He told us: "We German-speaking Belgians were not among those who wanted regionalization. Our situation seemed quite clear. The region's own particular arrondissement could have been created and solutions satisfactory to all in every respect could have been found. The moment a sort of "federalization" began taking shape, it became evident that our region could not be kept apart. We do not belong to the Flemish community. We do not belong to the Walloon community. What then should be done? Given the fact that our population and territory are small, our problem is a very specific one. We are not asking that the very same solutions adopted for the other communities be applied to us. We know this would not be reasonable. On the other hand, what is definitely necessary is an imaginative effort to find appropriate solutions that will take into account our distinctiveness. We do not have sufficient intellectuals, officials, and politicians capable of performing the same tasks as in the other two communities. If, for example, a government department is established for our cultural affairs, it should be small but effective. It should also be able to obtain the basic cooperation of the other two communities.

"The Belgian state wanted our minority. Consequently it must assume responsibility for us. Its solidarity is essential to us. We number some 65,000 persons. We, therefore, cost the state more per capita than a community of 3 million persons. Our BRF--Belgiaches Rundfunk-und Fernsehcentrum [Belgian Radio and Television Center]--is a much greater financial burden than the BRT [Belgian Radio and Television Flemish service] and the RTBF [Belgian Radio and Television, French service]. The BRF takes up one-third of our cultural budget. But this is no reason to deprive us of a specific source of information. We have a radio broadcasting studio. We do not want a television studio that would cost a huge amount of money. There is no need for such. German is the mother tongue of the people in nine Belgian communes. Hence these people turn, and rightly so, to the remarkable programs offered by Germany's four television channels.

"A Belgian German-language TV station in Eupen? As things now stand, such a facility is inconceivable. It would be unrealistic, and we are sensible people. The big stumbling block is our political authority. At the present time, our situation is not bright. Our Council of the German Cultural Community (RDK) was formed back in 1973. It is strictly an advisory body. I am attached to the prime minister's staff in a section called 'Eastern Cantons'. Brussels takes no action whatsoever on most of the resolutions submitted by our council.

"Unlike our council, the Flemish Cultural Council and the French Cultural Council are empowered to issue decrees that have the force of law. As for us, we can do nothing. We have to put up with antiquated laws that even no longer have any import in Flanders and Wallonia. Only the national Parliament can intervene in our behalf, but it does not exercise its authority. Since 1973, it has not been culturally interested in us. Ever since the regionalization laws emanating from successive Martens' governments became effective, we have been waiting for regional institutions scheduled to become effective in October. The present laws call for us to be part of the Walloon region. The Walloon Regional Council has jurisdiction over our territory. And governments continue to fall before our aspirations can be satisfied. We are in danger of finding ourselves in a relatively much wider "institutional gap" than Brussels, with the difference that our problem is not as troublesome because we ask for nothing from either the Flemings or the Walloons. Yet this does not prevent our people from feeling frustrated and wondering about our cultural council that has annual operating costs of some 20 million francs while possessing almost no authority."

Albert Gehlen, 40, is, in fact, president of the Council of the German Cultural Community. He confirmed for us the shortcomings and malaise mentioned by Lennertz. He told us: "They attached us to the Walloon region without first seeking our views, thereby reviving the issue of the very essence of our identity. No one here feels he is a Walloon. Nor does anyone feel Flemish. They all consider themselves German-speaking Belgians.

If the Walloon region was solely a political and administrative entity--and nothing else, I stress this point!--then we would strictly concur, though I would prefer to be "associated with" the region than to be "integrated into" it. A significant incident: the burgomasters of the Walloon region recently held a conference in Mouscron, but none of the German-speaking burgomasters attended although they had all been invited. They were not caught in the trap of Mouscron, that "symbolic city" of a Walloon region extending from Mouscron to Malmédy.

"It is dangerous for us to let ourselves become more and more involved in the disputes between Flemings and Walloons, disputes that are none of our business. Their confrontation is of very little interest to us. We appeal for a minimum of tact. We demand real cultural autonomy. We demand that measures be taken so that our population may be harmoniously integrated into the Belgium of tomorrow. Since the Versailles Treaty of 1919, we have had no guaranteed representation in Parliament. It is by mere chance that we have one or two representatives, one or two senators, or none at all.

"Our administrative structure is just as inexistent as our judicial structure. Nevertheless, I would be remiss were I not to underscore the progress made during the past 10 years. The flowering of our language, educational system, and public information services, and the increased aid to our press are some aspects of this progress. Yet these are undoubtedly not enough to prevent German-speaking Belgians from feeling they are hostages for a community policy in which they do not wish to be involved.

"In response to some questions that are frequently asked--and rightly so--about the constitutional provisions relative to community matters, I should like to emphasize the fact that the famous Article 59B states that there is a Council of the German Cultural Community and that its composition, functions, and powers are prescribed by law. Its members were chosen by direct election in 1974, contrary to the members of the cultural councils of the other communities who are representatives and senators. Our council is thus eminently more representative of the will of the people than the other councils. Its democratic base is clearly apparent. Its primary role as the spokesman of our community cannot be denied. And yet all we can do is make recommendations, whereas Article 59C clearly states that there are three communities and four regions (including Brussels) in Belgium. But let us not be megalomaniacs. Let us continue to be logical, effective, and realistic. Let us demand only what our numerically small population can take upon itself. Let us not proceed to ask for a third linguistic group in Parliament, in which case passage of special legislation would require a two-thirds majority, and a simple majority in each linguistic group. I am optimistic. More than ever, however, we must be vigilant."

Bruno Fagnoul, 44, is spokesman for the PFF (Partei für Freiheit und Fortschritt), in other words, the Liberal Party which has kept its old name of Party of Liberty and Progress. Fagnoul is entirely of the same opinion as his colleagues.

"Three communities--including ours--are recognized. But our autonomy is altogether relative. We cannot promulgate decrees that have the force of law as the Flemings and Walloons do. We do not have our own executive. The law integrates us into the Walloon region, whereas we are a separate and full-fledged--not Walloon!--community recognized by the Constitution. Yet we do have commonsense. We are simply asking that our council have the power to promulgate decrees "a la carte," in other words, on matters to be defined through studies conducted jointly by the University of Louvain and the University of Liege. In a region like ours, we can quite properly legislate on such matters as hunting and fishing. But how could we possibly do this in matters relating to the economic expansion of industry? We are too few in number and would not be strong enough. This is also a matter with national implications. A solution--but not the only one--is to give us representation in Parliament, proportional representation, of course, but guaranteed representation."

Ludwig Rompen, 41, is head of the SPB group in the cultural council. The SPB (Sozialistische Partei Belgien) is the German-language Socialist Party. Rompen has the very same aspirations as his colleagues. He outlined his views as follows: "For 10 years, Belgium has been regionalising in all-out fashion. From the bottom of our hearts, we were opposed to this reform. Everything considered, I believe we are, after all, the only "good Belgians" in this whole affair. Yet the direction of history being what it is, we are inevitably forced to follow it. Our fear is that we may be overlooked and quickly become a fifth wheel. After the Treaty of Vienna in 1815, inhabitants of Malmédy and its surrounding areas were referred to as 'Walloon Prussians.' That was utterly offensive. But it is just as offensive to refer to us today as 'Walloon Germans.' We want a response to our aspirations before Christmas. All it takes is changing one article of the Constitution and passing two bills. And let them do it quickly. We socialists are not afraid of the isolation that would transform us into a sort of ghetto. Our complete bilingualism would enable us to escape such bondage."

Before telling you how the fifth person we interviewed answered our questions, an historical digression is essential. In 1919, the Treaty of Versailles annexed the Eastern Cantons to Belgium. Many German-speaking residents of that region felt deeply humiliated by this action. They refrained from any political activity. Proof of this can be seen in the fact that the leaders of our current political action are very young. There is no denying that after that famous year of 1919, there was an obvious desire to return to Germany. But starting in 1933 when Hitler assumed power, a large part of the general public became upset. People began to consider themselves more and more as Belgians. Then there was 10 May 1940. Belgium was occupied with the exception of the Eastern Cantons that were called "redeemed" at the time. They were purely and simply annexed to the Third Reich. They well and truly became German. What could the young people have done? Flee? But where could they flee to, inasmuch as the Nazis were present everywhere in Europe? Desert? That meant facing a firing squad. They were, therefore, forced to don the Wehrmacht uniform. Up until 1943, the Belgian Government in London never had a word or gesture of concern or encouragement for them, whereas the Free French, in London also, acted much more intelligently by immediately addressing themselves to the Alsations whom Hitler had likewise annexed.

After the liberation, Belgian courts savagely and rigorously tried some residents of Eupen or Saint-Vit--who were merely forcibly conscripted soldiers--in the same way as they dealt with some residents of Liege, Charleroi, or Ghent who, unlike the former, could be considered traitors. After all, how could someone be blamed for behaving as a German citizen--which he actually was--from 1940 onward, whereas the same person would have been congratulated for behaving as a Belgian citizen from 1919 onward? This attitude profoundly disappointed German-speaking Belgians.

Lorenz Pasch, 33, spoke to us in the name of the PDB (Partei der Deutschsprachigen Belgier), i.e., the Party of the German-Speaking Belgians. At the very outset, he insisted on refuting the frequently made accusation that he is a VNO (Flemish Militant Order)--style extremist who even wants the Eastern Cantons to be returned to Germany.

"That is false as false can be," he said. "I have already been insulted by being called Roche. I can only treat such insults with the contempt they deserve. Having said this, my demands--which are obviously my party's demands--are more far-reaching than those of my cultural council colleagues. You have just seen the route signs on

which localities in our area appear in both languages: Amel and Ambleve, Kelmis and La Calamine, Sankt-Vith and Saint-Vith, etc. The French designations have been obliterated with black paint. I would never do this and I disapprove of this type of vandalism. Yet I can fully explain it. It is a reaction of weariness and discouragement. We demand reasonable but broad autonomy. We in no way consider ourselves Germans, but, alas, we do have less and less feeling of being Belgians.

Whether we like it or not, our culture is Germanic. And we are proud of it. We want to fully assume that culture. Culture, and not language, is what produces unity. By believing the contrary, Hitler was badly mistaken. It is not because they speak German that the Austrians, the Germanic Swiss, the citizens of the Principality of Liechtenstein or those of the Eastern Cantons identify sentimentally with the Germans. Their cultures have undeniable affinities. That is why they claim kinship with a similar frame of mind, while at the same time denying a nationality, not to say a nationalism. We want to live our identity within our own population. Our cultural council must be empowered to promulgate decrees having the force of law. Its jurisdiction must be broadened. Let me give you an everyday example, namely the emergency telephone number, 900 in our area. Why are we administratively attached to a relatively distant fire station when an agreement is highly possible with the Aachen fire and rescue services that are closer and thus can respond more rapidly? When it is a question of saving human lives, what does it matter? And why couldn't our university students--whose mother tongue is German--attend universities in Trier or Bonn? Sending them to educational institutions close to their homes does not constitute any repudiation of the quality of the Belgian educational system.

"There is one final thing that I mistrust. I refer to our complete bilingualism. Some of our people want to make this an asset--it is truly an asset to a certain extent--whereas it is actually a danger. It is by referring specifically to this bilingualism that the government justifies its sending us officials--customs officers in particular--who do not know a word of German and make no effort whatever to learn our language. It is also on this basis that the documents distributed in our post offices are in French."

Heinrich Toussaint is the editor of the GRENZ ECHO, Belgium's only German-language newspaper. Although it was founded in 1927, it has existed as a printing firm since 1764. We chose Toussaint as our last special witness, a serene and unbiased observer.

"Things will definitely have to straighten out some day," he said. "Some 60 years of coexistence have made us good and true Belgians. You will not find anybody here who says he wants us to be returned to Germany. Better still, you will find nobody who even thinks of it."

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CSO: 3100

COUNTRY POSTS FIRST FAVORABLE TRADE BALANCE SINCE 1975

Copenhagen BERLINGSKE TIDENDE in Danish 28 Nov 80 p 15

[Article by Frank Dahigaard]

[Text] The deep depression has caused imports to decline and the exchange deficit to disappear temporarily.

It sounds like a bad joke but it's true. Denmark has a surplus in its balance of payments.

There is a perfectly natural explanation for why politicians and economists are not celebrating this historic event and that explanation is called depression. It is no trick to push product imports down by having economic activity come to a halt here at home and that is exactly what has happened. Industrial, construction and agricultural enterprises have cut production due to poor sales. This means less need for raw materials and less need for workers. The first means lower product imports from abroad, the second means more unemployment.

Another reason why the surplus in the balance of payments for October has not received more attention is that the surplus is only a temporary one. The sharp decline in product imports is due largely to the fact that businesses are now depleting their product inventories. When supplies have been reduced the import of raw materials will rise again and then the exchange surplus will vanish like dew in the morning sun.

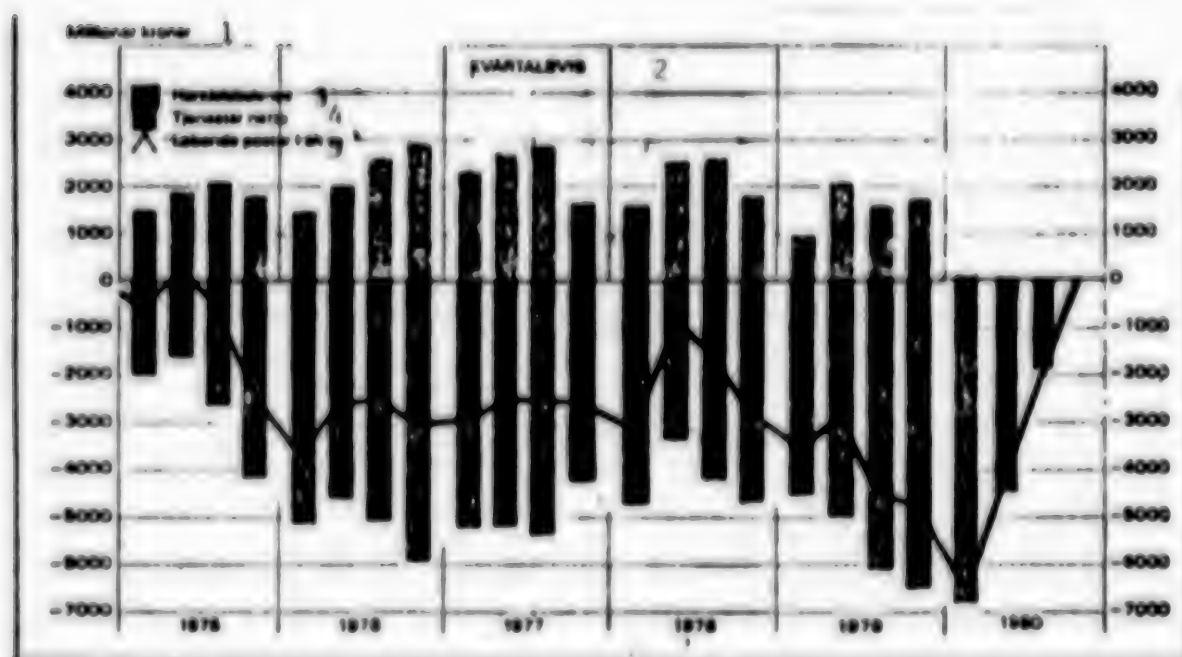
Surplus and Deficit

BERLINGSKE TIDENDE here reproduces a graph showing developments in some major items in our balance of foreign payments quarterly since 1975.

The dark columns going downward show the quarterly deficits of the trade balance, i.e. the deficit in product trade with other countries (surplus imports). As indicated we have had a permanent deficit in foreign trade for the entire period shown. Luckily Denmark has traditionally had an exchange surplus in the other payments balance items (the gray columns going up) and this surplus has meant that the deficit in the total foreign balance of payments has been lower than the deficit in product trade.

The other items which taken as a whole show a surplus include currency expenditures and income in connection with shipping, tourism, our EC membership, ground and air transportation, patent rights, insurance activities, etc. In addition comes interest to and from other countries which has turned into a big net deficit item for Denmark. Aid to developing countries also weighs down the expenditure side of the exchange balance sheet.

If the surplus in these items is deducted from the deficit in the product trade balance we get the total payments balance deficit indicated on the graph by a black line. As it shows Denmark last had a small exchange surplus in the total payments balance in the second quarter of 1975, in the middle of the deep economic depression which came in the wake of the first oil crisis: to achieve that tiny surplus Denmark had to go through an unemployment increase from around 20,000 in the spring of 1974 to around 120,000 in the spring of 1975.



Payments Balance 1973-1980

This is how Denmark's foreign payments deficit has developed quarterly from 1975. Source: Quarterly surveys from the National Bank.

- | | | |
|------|-----------------------|-----------------------------|
| Key: | 1. Kroner in millions | 4. Net services |
| | 2. Quarterly | 5. Current items as a whole |
| | 3. Trade balance | |

History Repeats Itself

Now history has repeated itself after the second oil crisis: in the first quarter of 1980 we had the biggest payments balance deficit in history, namely 6.4 billion kroner. In the second quarter the deficit declined to 4.3 billion kroner and in the third quarter the deficit was all the way down to 1.8 billion kroner.

We do not know about the fourth quarter yet but the preliminary figures for product trade came out Tuesday for the month of October and they showed a an import surplus of only 440 million kroner. It is on the basis of this figure that the economists are estimating that we had a small surplus in October for the total balance of payments since we have a surplus for the other balance of payments items, cf. the above. For the fourth quarter as a whole there will probably be a modest deficit, based on these preliminary figures and estimates, and we might even have achieved a balance, as shown in the graph.

Just as in 1975 the sharp improvement in the balance of payments has been achieved as the result of a deep economic depression. The violent change in the economy with falling production and a sharply rising unemployment curve is the reason for the equally sudden change in the balance of payments situation.

All politicians and economists have been surprised by the rapidity and abruptness in developments. Until a few weeks ago they were talking about a total 1980 deficit in the balance of payments of close to 20 billion kroner (compared with 15.5 billion kroner in 1979). It now looks as if the 1980 deficit will not exceed 14 billion kroner.

Unfortunately it looks as if history, the events after the first oil crisis, will repeat itself completely: just as the balance of payments equilibrium in the middle of 1975 was followed by a sharp rise in the deficit in 1976, 1981 almost certainly will bring a renewed growth in the deficit. That will be due to the resumption of raw materials importation after the present inventory adjustment as well as to the steadily growing interest expenses caused by our rising foreign debt.

6578

CSO: 3106

HIGH INTEREST RATES PUT DANISH FARMERS AT DISADVANTAGE IN EC

Copenhagen BERLINGSKE TIDENDE in Danish 25 Nov 80 p 11

[Article by Klaus Justesen]

[Text] Brussels--There are big differences between Danish farmers and their colleagues in the eight EC lands. The reasons for the differences are a number of unfortunate coinciding factors.

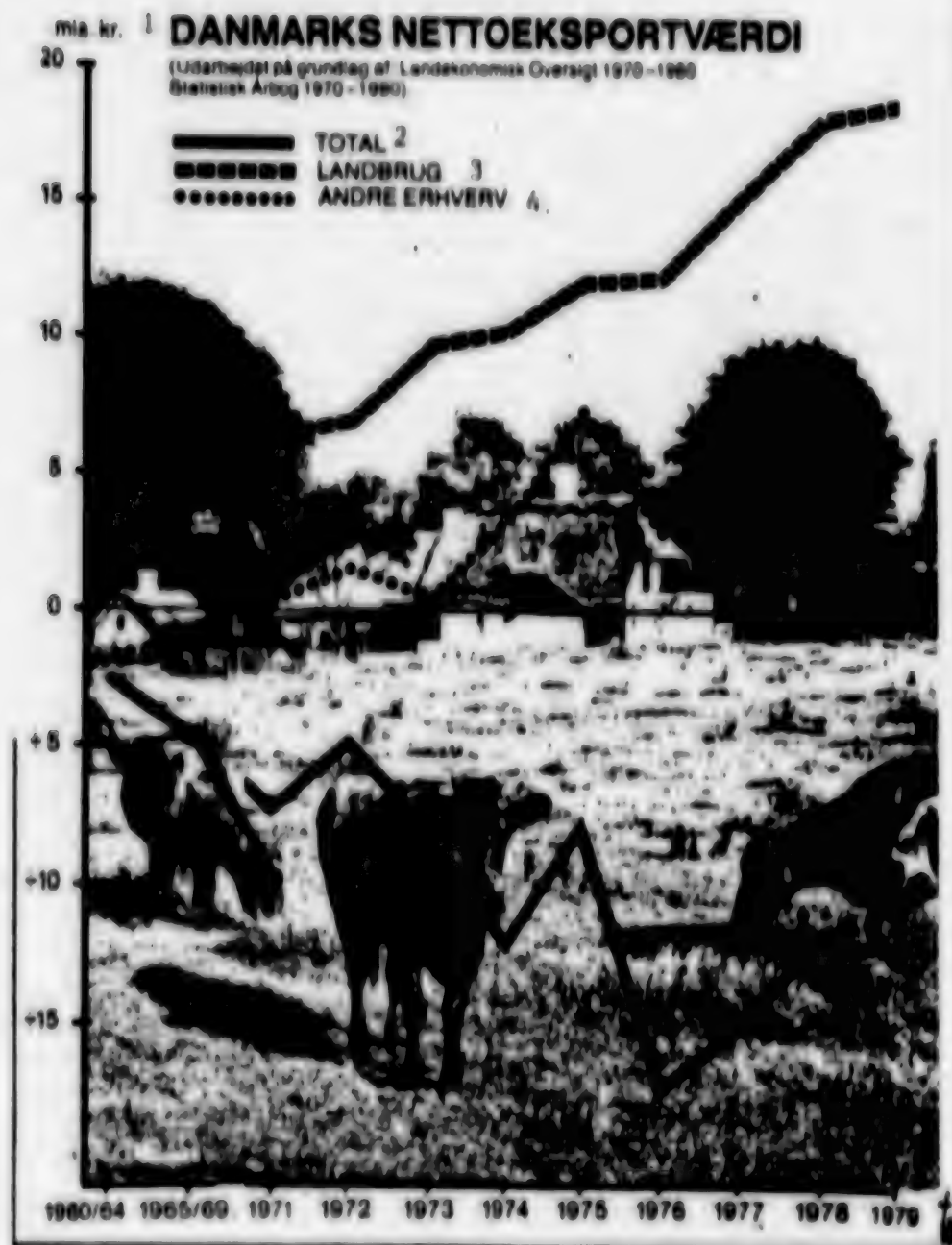
Agricultural Developments 1979/80 in Percentages

| | FRG | France | Great Britain | Denmark | EC |
|------------------------------------|-------|--------|---------------|---------|-------|
| Production growth | 1.5 | 4.5 | 2.0 | - 1.0 | 2.5 |
| Interest level | 8.9 | 13.5 | 14.3 | 18.4 | --- |
| Interest costs of total production | 6.0 | 7.7 | 9.9 | 21.0 | --- |
| Real income development | -10.0 | -10.0 | -12.0 | -60.0 | -10.0 |

European farmers have without exception been hard hit by the economic crisis but the comparisons made by BERLINGSKE TIDENDE on the basis of official statistics make it clear that Danish farmers are in the gravest situation. In the last 2 years farmers in the nine EC lands have noted a real wage decline of around 17 percent. For Danish farmers the decline in those 2 years was over 75 percent.

The big difference between Danish farmers and their colleagues in the other eight EC lands appears to result from a number of unfortunate coinciding factors. In all countries cost increases have risen considerably more than prices but Danish agriculture has also been hit by production declines and skyrocketing interest expenses.

While total agricultural production in EC lands will rise around 2.5 percent this year it declined 1 percent in Denmark. That is the result of a poor harvest and lower milk production. The biggest gain was in France, 4.5 percent,



Denmark's Net Export Value (prepared on the basis of "National Economic Review 1970-1980," "Statistica Yearbooks, 1970-1980")

Key: 1. Billions of kroner 3. Agriculture
 2. Total 4. Other branches

It is usually said that in the last 10 years industrial exports have far surpassed agricultural exports in importance. But that is only partially correct. If one looks instead at net export value (exports minus the imports needed to make the product) agriculture is still Denmark's most important export industry. A large part of agricultural exports is made up of animal products.

but the other EC countries can also note a gain. On the income side Danish farmers have had the biggest price increases due to the devaluations. But they are also in top place in direct production costs.

Biggest Difference

By far the biggest difference is a very different interest burden. Danish farmers are affected by the highest interest level in EC with rates over 18 percent. In West Germany the interest rates are half that and even France and Great Britain are 4 to 5 percent lower. In addition Danish farmers are working with much more foreign capital than their colleagues. Thus they have to pay the higher interest rates on more money.

This year the total interest payments for Danish agriculture reached 6.8 billion kroner. This must be viewed in relation to a total production of 32.3 billion kroner. Thus interest accounts for 21 percent of total gross income. In West Germany the interest ratio is down around 6 percent and even Great Britain only reaches half of the high Danish level.

EC Report

According to the EC commission's official report national subsidies and support arrangements also play a decisive role. This is most important in Holland and Belgium while the seven other EC lands are less generous. But the commission had to give figures for these national subsidies which in principle conflict with EC agreements.

On the tax side the Danish farmers are often worse off. No other country has a special tax like the Danish one of 250 million kroner. In Ireland farmers pay no taxes at all and there are substantial relief provisions in the British system. And the other EC countries have no capital gains tax or assets taxes.

Seventeen Percent

European agricultural organizations have just determined the average income decline in recent years, 17 percent. This corresponds to the EC commission's results. Therefore the farmers are asking for price hikes of 15.3 percent. But increases that large are regarded as unlikely and in any case they would not improve the situation of Danish farmers in comparison with their European colleagues.

6578

CSO: 3106

BRIEFS

COMMANDER ON DEFENSE BUDGET--The chief of the defense staff, Lieutenant General G. K. Kristensen, is ready to bet that military spending will start going up in 1982 and afterward. He said this yesterday at a press conference with foreign correspondents in Copenhagen. The lieutenant general based his statement on remarks in that direction from Social Democratic members of the Folketing Defense Committee Knud Damgaard and Preben Steen Nielsen and what he called certain "openings" in Defense Minister Poul Sogaard's plan for the future structure of the armed forces. "If we are going to have a defense compromise, which is something we want very much, then in our judgment it would be impossible to get a very broad compromise based on a zero solution. We also believe that the public sympathies will have an impact. So I do not think we will end up with a zero solution. We will get a better defense system than we could get with a zero solution. I would be willing to bet on that." G. K. Kristensen repeated that the government's proposal for a zero solution up to 1989 would lead to a reduction of about 30 percent in peacetime forces and that the military leadership had been forced to give Jutland priority since that is where reinforcements would arrive if needed. This would mean cutting the forces on Sjaelland in half. He added though that even with a zero solution the quality of the armed forces would be improved even if numerical strength is cut. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 27 Nov 80 p 6] 6578

JORGENSEN REFUSES FARMERS RELIEF--The government and farm leaders have not set up another meeting. The prime minister feels it is enough to have meetings every 6 months. If we give agriculture operating credits worth 7 billion kroner at 10 percent interest the other branches hit by the crisis would make similar demands. The treasury couldn't handle it. That is a popular rendition of how the government is justifying its rejection of farm demands for cheap operating credits. The refusal came at a meeting yesterday between the prime minister and top farm leaders. After the meeting Anker Jorgensen said the government had promised agriculture to improve practically "all existing provisions." Prior to that the government had given the branch interest subsidies worth 250 million kroner a year via the debt elimination provision and interest support for building investment. The government offered at the meeting yesterday to raise this interest support by another 200 million kroner but that is the farthest the government can go. [Excerpt] [Copenhagen BERLINGSKE TIDENDE in Danish 25 Nov 80 p 11] 6578

REPORT LOOKS AT WORLD CRISES' IMPACT ON COUNTRY

Helsinki HUFVUDSTADSBLADET in Swedish 4 Dec 80 p 15

[Article by Bo Finne: "Finland Needs Its Own Strategy for Success"]

[Excerpts] "We are not Japanese, and we do not want to be Sweden. But there are reasons why we should learn from them both." This statement is taken from a report on the requirements for Finland's success, which the Commercial and Industrial Committee presented during its so-called EVA [Academy of Economic Sciences] day on Wednesday. EVA has drawn up a "strategy for survival" for the nation, but emphasizes that what is really needed is more than just survival to succeed in this situation of global crises and harder international competition.

"It is necessary to survive, but survival is not sufficient as a goal for national strategy. We need a strategy for success," says the EVA report. It was worked out from discussions with a number of different branch experts and is based on material which EVA received from them. Managing Director Max Jakobson of EVA is responsible for the stylistic format.

EVA has made it a practice to issue a report every autumn since its formation in 1976. The purpose is to arouse discussion on questions which are considered important to Finnish society and development of the community. Discussion began on Wednesday. After introductory statements by Chairman Mika Tiivola of EVA and Managing Director Jakobson a representative panel presented its viewpoints.

It Depends On Us

To summarize the report and the debate one can generally say that the outlook for the world is not particularly bright, either in the short or the long range. And Finland is an inseparable part of the world from which we can not isolate ourselves. But the situation is not hopeless, if we can believe the report.

"Even if our possibilities of influencing the international framework within which we operate are small or insignificant, we can to a decisive degree influence our own position within this framework. We are not predestined in advance to the OECD average. It will depend on our own actions, how we manage to conduct ourselves

through the crises which threaten the 1980's. It also depends on us whether we will remain among the successful nations."

Chairman Mika Tiivola said in his opening statement that Finland has the power to manage within its own resources, documented during recent years.

"Using the GNP as a measure we have during the three years 1978-80 reached a rate of growth of about 15 percent, while the growth rate of the OECD countries during the same period averaged 8-9 percent. At the same time as inflation has grown 27 percent in Finland, in the OECD countries consumer prices have increased on the average even more. Thus the rate of growth of production as seen internationally has been powerful in Finland, and the price level, despite continued increases, is more stable in comparison with many other countries."

According to Tiivola progress during the past years can be seen as a result of a better atmosphere of understanding which has been created between different parts of society.

"Now we should learn from the positive experience which we have and not acquire a false sense of security about our own cleverness," said Tiivola and pointed out a number of economic realities which should be noted.

"Price increases in oil have created a new basis for distribution of income. The results of work carried out in Finland can no longer be distributed only among Finns, without an increasing amount of these results going to the oil producing countries. The 'cake' which is to be divided at home will grow smaller, despite the growth of our GNP."

The Question of Soviet Oil

Energy and raw materials questions plus Finland's dependence on oil are also given much attention in the EVA report.

"The key question for Finland's energy supply is how to estimate the amount of oil from the Soviet Union during the 1980's. On the international markets different opinions exist about future Soviet oil production. We do not have sufficient information for an estimate. On the basis of our experience we can however state that it is not only in Finland's but also in the Soviet Union's politico-economic interest to continue within the foreseeable future trade between Finland and the Soviet Union at the level which Finland's present oil imports make possible," says the report.

In the following panel discussion Professor Pentti Kouri made a contribution which raised a question about the above assumption. Based on the Soviet Union's new economic 5-year plan Kouri concluded that the Soviet Union in 1985 will be without export oil if production continues at the present level while their own consumption increases at the same rate as now.

Security Disregarded

EVA also expects disruptions in the global access to oil and an uncertain price situation. Developments in the economic situation of the western economies will

therefore be difficult to anticipate and erratic. In order to counter this development EVA recommends alternative sources for oil such as Norway, and transoceanic sources for coal instead of depending on Poland as the sole source. For both oil and other so-called strategic raw materials Finland should place more emphasis on storage.

It is the increasing uncertainty in the world which according to EVA should make us pay more attention to the country's security questions. "We need a strategy to survive, and a significant portion of that strategy is to maintain a modern defense capability so that we can continue in a convincing way to demonstrate our ability to secure our country's integrity with our own forces." In that connection EVA repeats a previous recommendation from Chairman Tiivola about the need for a "national security council." Also the future of agriculture, which previously mainly was dealt with as a matter of income distribution, should be examined as a part of national security policy, according to the report.

Baptism of Fire for the Social Contract

Minister of Commerce and Industry Ulf Sundqvist found it useful to attempt a new estimate of the world and our position in it. He maintained that the future is just as uncertain as the report indicates. However he did not agree that the ideologists in society should die out and that we instead should be on the way to a "peoples' republic." EVA depicts that as a character sketch of the "third republic" in which we now live. "Peoples' republic means to me that, for example, our prevailing collective bargaining system should be ready for scrapping, and I am definitely opposed to that. It will be interesting to see if the spirit of the social contract can really be mobilized. The baptism of fire will come in several months when collective bargaining is renewed," said Minister Sundqvist.

Gloomy Future

Editor Kero Silvasti thought that EVA did a good job of clarifying and explaining the situation in the world today, and Finland's role in it, but that a portion of the conclusion is lacking.

"It appears that EVA in spite of everything believes that the dangers which threaten the world are not going to affect us."

Silvasti saw it as a fallacious illusion to believe in an unchanged situation and recommended a new report on Finland's possibilities to become "essentially self-sufficient."

In a longer, prepared insertion Professor Kouri described a global view, both long and short range. He painted a gloomy future, with population increases in the world which cannot be controlled, and energy problems which can not be solved in this century "unless something unforeseen happens." And Kouri expects the next oil crisis to happen at the latest when the industrial countries' upward economic trends begin in 2 or 3 years.

The crisis preparedness which EVA recommends in its report has been translated by Kouri into money. According to him, at least 7 billion marks would be needed to obtain sufficient readiness storage.

GUICHARD INTERVIEWED ON NATION'S POLITICS, PREPAREDNESS

Paris LE MATIN in French 25 Nov 80 p 4

[Interview with Olivier Guichard, president of the MIE, by Pascal Krop and Jean-Marie de Morant: "Defense: Guichard Wishes To Develop the Spirit of Resistance," held on 25 November 1980; place not given]

[Text] The Movement for the Independence of Europe (MIE), which includes personalities from the government majority (UDF and RPR), established in 1969 to "promote the idea of an independent Europe, solidly established on its national foundations," yesterday held in Paris a conference on the "will to defense." Olivier Guichard, former minister and president of the MIE, today explains to LE MATIN the role which, according to him, France should play in the building of Europe. He recalls that General De Gaulle, as early as 1962, had proposed for Europe a breakwater of power constituted by France and the Federal Republic of Germany. In the interview Oliver Guichard also asks himself about the ways to prepare the French people for resistance or subversion in case of conflict. Finally, the loyal friend of De Gaulle considers that Valery Giscard d'Estaing is following the major political directions defined by the general.

[LE MATIN] Raymond Barre explained Sunday in LE SOIR of Brussels that France, by increasing this year the defense budget by 18 percent completely satisfied its undertaking to its allies in the Atlantic alliance. Do you share this view?

[Olivier Guichard] We agreed with our allies in 1978 to increase the military budgets by more than 3 percent per year in constant francs. With an increase of 18 percent, even taking into account monetary drift, we are very largely above that undertaking. With the United States and Canada, we are the only ones to have made a real effort. I have just returned from the United States, where I was struck by the attention devoted by the Americans at this time to the military efforts in Europe. I also noted the very firm will of republican party circles to provide the United States with strong military power. What one can say is that France is with the United States in this effort, but that she is doing it under the political conditions which we all know, that is, outside of NATO.

[Question] In your view does nuclear deterrence remain credible in France, where the majority of people would prefer, if one accepts a recent poll, foreign occupation rather than the use of nuclear weapons?

[Answer] It is necessary to understand that the essential attribute of deterrence is anticipation. If one takes into account all the elements of defense, it is also

a problem of the morale of the master of deterrence--that is, of the president of France. This is a matter which one does not speak of very often but which seems essential to me. In a word, deterrence is a weapon maneuvered by one man, a kind of war with a single combatant. Under De Gaulle, it was the general. After the career military officer that he was, it was a matter of calling on reservists or others called to the colors, which, you will agree, is not the same thing in terms of morale.

However, I must make clear that, if one wishes to arouse the spirit of the public for national defense, which amounts to deterrence, one must not isolate the latter in terms of the feelings of the French people. Above all there is the great question of knowing if one can prepare a people like ours for resistance or for subversion. One can ask oneself the question whether the present system of military service is the best means of preparing people for resistance or subversion. That is not clear.

[Question] Regarding Europe, you wrote recently that the Atlantic alliance should be the alliance of an America and a Europe which each have a world role to play. Don't you think that the very special situation of the Federal Republic of Germany, narrowly subordinated for its defense to the United States, constitutes a serious handicap for Europe?

[Answer] I would not call that a handicap. Rather, it is the major problem of European defense. On this subject I would recall the toast of General De Gaulle at the time of his visit to Germany in September, 1962. General De Gaulle stated at that time to his German opposite number, "We are both of us threatened by the dominating ambition of the Soviets," which he later termed an "obsolete" ideology. Today that has a contemporary look because a certain number of people pretend to have a better understanding of Soviet hegemony, as if the people of my generation had not discovered it in 1939, once and for all.

At the time, De Gaulle added that the undertaking between Europe and the United States presupposed a breakwater of power in Europe and that this breakwater could only be a common policy adopted by France and Germany. The Franco-German policy of the general consisted in presenting the problem to the Germans. The problem is still so presented.

[Question] As I understand you, you do not raise the problems of defense as do the supporters of Giscard d'Estaing. Now, some of the latter consider that, if the president is reelected, you would be a very good prime minister for the second term of office.

[Answer] Oh, well...

[Question] You were saying?

[Answer] Look, we were engaged in reviewing the political prospects at all levels. I have noted that Maurice Couve de Murville stated last week that the president was following the major political lines of the general.

[Question] You agree with him?

[Answer] Since last July I have held to a position on presidential matters. This position was reaffirmed a month ago in a document signed by some 30 deputies and which will soon be made public. We said that Michel Debre is an honorable, loyal and friendly man and that his views correspond to the concept which we have regarding the institutions. But I still do not see why we should have a definitive position all at once, when we do not know yet who all the candidates will be.

LABOR PARTY NATIONAL COMMITTEE TACKLES PERSONALITY FEUDS

Oslo AFTENPOSTEN in Norwegian 2 Dec 80 p 3

[Article by Kjell Harberg]

[Text] Hamar, 1 Dec--The national committee of the Labor Party is calling for an end to the divisive personality conflicts that have ravaged the party full force since Tor Aspergren's violent "blow out" almost a year ago. And they want to stop moves from all sides that distract attention from daily political activities. These are the clear conclusions that can be drawn from yesterday's debate on the situation in a ruling party now being presented with bleak Gallup poll figures once a week.

The criticism of the critics which was expressed by the national committee applied not only to the sectors of the Labor press which called for Steen's resignation a short time ago. According to Ivar Leveraas several members of the national committee "answered" those editors and no one supported them. But the national committee went all the way back to Tor Aspergren's harsh attack which many people in the party feel opened the way for subsequent personality criticism every time the party comes to a political head and the debate also indicated dissatisfaction with the behavior of opponents to stockpiling. They too have acted in such a way during the debate as to harm the party, at least that was the opinion among national committee members.

This issue should now be a dead letter, it is felt. Reiulf Steen put it like this after the conclusion of the meeting in Hamar: "The party debate on stockpiling is over. I base this statement on declarations from both sides in the debate we have had. Now these questions must be transferred to a much broader debate in connection with the discussion of our program."

But what about the personality discussion? Will it be forbidden to criticize party leaders?

"I know of no body in the Labor Party that could issue such a ban. I doubt this would have been any help anyway," Steen replied.

But it is quite clear that the national committee delegates are now calling for an end to the personality disputes. The party should unite around the present

leadership prior to the party's national congress in the spring and this unity was demanded with such force in the national committee debate that joking references were made afterward to the formation of a "chain gang" to defend the party leaders both in Youngstorvet and in the government building.

Do the party leaders themselves feel they have the complete confidence of the national committee?

"Yes," said Retulf Steen. "I feel that very strongly."

The party chairman stressed that the desire to end the form of debate that has been a party nightmare recently is not an effort to restrict leeway in the ruling party. "In the national committee debate a sharp line was drawn between the continued exchange of opinions on the issues and other types of statements of which we have had examples recently," said Steen.

A proposal from the Hordaland Labor Party lay like a threat over the national committee in the opening hours but as the day wore on this threat evaporated too. The Hordaland Labor Party wanted to set up an election committee to work specifically on the leadership issue in the party in the period before the national congress. This met with a poor reception by the national committee. The proposal was regarded as a wide-open door for continuing the personality feud in front of the general public.

What is to form the basis for unifying a divided ruling party? To some extent the debate now was also a self-critical discussion. Ivar Leveraas opened the meeting which was closed to the press but the party secretary gave a brief report to the many outside press people who turned up. His point was that the whole discussion of the party leadership had hurt the party and had weakened the leaders' opportunities to lead and to initiate the work which according to Leveraas would result in an election victory next September.

But he also brought up political issues--the effects of economic austerity in the health sector, changes in the housing policy where the answers given by the government and the party have not been good enough, tax reform and the spring income statement.

The party leaders now expect to emerge with a more unified party. "But," Steen pointed out, "if unity is to be a kind of recipe for the Labor Party it must have something to unite around. We have received so many signals in connection with proposals for a new program of principle and working program that I can safely say that this is the political task on which we can unite."

6578

CSO: 3108

SVEIN-ERIK ODDEN SEEN AS NEW SOCIALIST-LEFT CHIEF

Oslo ARBEIDERBLADET in Norwegian 13 Sep 80 p 6

[Text] Speculation about who will succeed Berge Furre as chairman of the Socialist Left (SV) Party is in full swing. No candidate stands out as a clear favorite, and for the time being it is an open question who will be the new party leader.

One name that stands out is Svein-Erik Odden, former information chief of the school superintendent of Oslo and presently education supervisor in Royken. He is not widely known, but on the other hand he stands high within the party. At present Odden is a member of the Royken executive committee and was chairman of the elections committee at the last national meeting of SV. In case Odden himself is willing to assume the chairman's post, everything indicates that he will be able to muster support from the entire party.

ARBEIDERBLADET is being told that there is little possibility of any of the old party hacks coming up as a candidate for the chairmanship. Parliamentary leader Hanna Kvanmo has said clearly that she will not put up her name. The party's other parliamentary candidate, Stein Ornhoi, like Kvanmo expressed the affirmative to a new term in parliament. But he will not be inclined to any come-back as chairman. Ornhoi was party leader during the unification procedure. Neither Finn Gustavsen nor Reidar T. Larsen is at present in the party leadership.

However, some others of the party's former parliamentary representatives can be mentioned. One of these who has wide support is Arent Henriksen from Sor-Trondelage, previous member of the Defense Committee, and with high status in SV-circles.

If one looks at the party's Labor Committee, one of the deputy leaders, Hilde Bojer, stands out. Also Rune Slagstad and Torbjorn Dahl have their adherents. But no one of the three is the typical crown prince of the party. Therefore, it is equally possible that a person outside the present leadership will be chosen as chairman.

SV needs to strengthen its position with organized labor. Precisely for this reason people with a background in the trade union movement might be involved in the chairmanship problem. Bjorgulv Proyn would normally be the most prominent name here. Today he is deputy to the parliament from Oslo. But Proyn has been out of politics for some time, and it is hardly likely for him to rise all the way to the top of SV at this time around.

9655

CSO: 8139/0212

NORDLI APPOINTS THREE NEW CABINET MINISTERS

Oslo ARBEIDERBLADET in Norwegian 3 Oct 80 p 8

[Text] Arvid Johanson becomes the new Oil and Energy Minister, Oddvar Berrefjord the new Justice Minister and Harriet Andreassen the new Municipal and Labor Minister. According to what the ARBEIDERBLADET has learned, these are the three new cabinet ministers of the Nordli government. This was made evident after a 4 hour meeting of the Labor Party's top leadership last evening.

Arvid Johanson is today the Deputy Chairman of the Parliamentary Group of the Labor Party. He is also chairman of the Foreign Affairs Committee of the Parliament and is considered one of our most experienced parliamentarians. Earlier he was chairman of the Industrial Committee and he should be looked upon as a very skillful successor to Bjartmar Gjerde. The appointment of Johanson therefore is not surprising in this political milieu.

More surprising is the fact that Prime Minister Olvar Nordli has chosen Berrefjord as Andreas Cappelen's successor. Berrefjord, who today is Telemark District Governor, was Justice Minister in Bratteli's first government from March 1971 to October 1972. He has broad political experience in a number of jobs in the Labor Party, both national and local. Berrefjord himself as of late yesterday evening had not confirmed that he would be joining the government.

The LO (Norwegian Federation of Labor) has strengthened its position in the government by the appointment of Secretary Harriet Andreassen. She was elected LO secretary in 1977. She was previously secretary of the Norwegian Working Man's Alliance and was deputy to the Central Administration of the Labor Party. One of her most important jobs in the new department will be the management of the housing policy. Trade union matters also will be under her jurisdiction as will other national problems which require a cabinet minister of broad experience.

Neither Berrefjord nor Andreassen has taken part in the speculation during the last 24 hours as to who their possible successors might be after their departures.

Prime Minister Nordli originally had planned to undertake changes later in the month of October. After several cabinet ministers publicly announced their retirements, this hasty operation became necessary in order to cut off long and destructive speculation over who might be in position to take over. Therefore the new intrigue was concocted in a 4-hour meeting yesterday afternoon and evening. Present at the meeting which was held in the Prime Minister's Office were Olvar Nordli, Reulf

Steen, Gro Harlem Brundtland, Ivar Leveraas, Trygve Bratteli and Tor Halvorsen. The meeting broke up about 2000 hours, but actually activity continued after that hour in order to set the last bricks into place.

Yesterday there was speculation that the Planning Minister Per Kleppe also might be stepping down. He is currently a candidate for the position of Secretary General of EFTA in Geneva when it becomes vacant next fall. One must however presume now that his place will not be vacant until after the elections. According to what ARBEIDERBLADET understands it has become definitely clear that there will be no more talk of further changes in the makeup of the government before the elections next September.

Through yesterday the possibility of changes in the government beyond the three positions which became vacant with the departure of Cappelen, Valle and Gjerde was rumored. At the same time it became quite clear that they wished to gamble on a "minimum solution"--thus an alternative which did not aim at anything other than replacing the three who departed without additional shifts.

After what now has happened the Labor Party thus will enter the election campaign with the personnel at the helm which will result after a Cabinet meeting at the Palace tomorrow. Speculation in different quarters about anything else after this will be categorically denied.

The central committee of the Labor Party will meet before noon today, precisely at 0830 hours. After that the parliamentary group of the Labor Party will convene to accept the new names submitted. A preliminary Cabinet meeting is set for 1000 hours and the new list then will be submitted to the King at 1100 hours at a Cabinet meeting at the Palace. After this Prime Minister Nordli will present the entire list to the public.

As it is clear now that Johanson will enter the government, it is considered natural that Gro Harlem Brundtland will become the new deputy leader of the parliamentary group of the Labor Party. Thereby it is also clear that Trygve Bratteli will continue as parliamentary leader. It is not clear who will be the chairman of the Foreign Affairs Committee succeeding Johanson. Harlem Brundtland might also be a suitable candidate for this position.

9655

CSO: 8139/0214

NORDLI DEFENDS STOCKPILING PLAN AT LABOR PARTY EXECUTIVE MEETING

Oslo AFTENPOSTEN in Norwegian 2 Dec 80 p 3

[Article by Kjell Harberg]

[Text] Hamar, 1 Dec--"This is not a move to step up our armaments. It is a move to preserve the credibility of our defense." Prime Minister Odvar Nordli explained once more the purpose of stockpiling after having received the overwhelming support of the national committee of the Labor Party yesterday. The national committee vote was 30 for and 6 against the agreement between Norway and the United States on storing allied defense materiel.

After all the suspicions that have been cast recently Nordli found it necessary to say in his speech in Hamar last night: "We have and will continue to have in the future a credible defensive capability covering our own region, our own freedom and sovereignty. Our weapons will never be directed against anyone who is not invading our own country.

"Those who cast doubts on that do so against their better judgment or in order to sow unfounded misconfidence in the nation's responsible authorities," Nordli said.

In the national committee meeting yesterday the issue of stockpiling was wound up relatively quickly without making any big waves. It is true that the most fervent opponents of stockpiling tried to register their standpoint again. But the whole thing was over within an hour and a half after Defense Minister Thorvald Stoltenberg delivered a report on this agreement.

And the defense minister himself was satisfied with the outcome of the national committee meeting. It was quite clear before the meeting that six people would vote against the government on this issue.

"It was 12 to 3 in the central committee and 30 to 6 here--we will not have any problems living with that," Stoltenberg commented shortly after the voting in the national committee's closed meeting.

The six who were opposed were the three central committee members, Thorbjorn Jagland, Turid Dankertsen and Ingrid Eide, who were joined by Tove Ness from Buskerud, Bjorg Hermansen from Rogaland and Liv Andersen from Aust-Agder.

In his speech last night Prime Minister Nordli placed great emphasis on Norway's involvement in halting the world arms race and starting up the detente process between East and West again. But, Nordli underlined, we must clean up our own house first. "We must see to it that we have a defense that the rest of the world will take seriously. A weak defense creates uncertainty and uneasiness."

Norway's involvement, as has already been proposed in the Labor Party's new working program, will concentrate on nuclear-free zones in the Nordic region, among other things. Nordli commented on this point: "We are here assuming a clear obligation to strengthen our involvement to contribute to halting the nuclear arms race and to reducing the nuclear arsenals in Europe."

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CSO: 3108

YOUNG CONSERVATIVES MAKE BIG MEMBERSHIP GAIN

Oslo AFTENPOSTEN in Norwegian 1 Dec 80 p 3

[Text]



Sveinung Lunde, Young Conservatives chairman, is happy about the big increase in membership.

"So far the Young Conservatives have signed up over 3600 new members," the chairman of the Young Conservatives, Sveinung Lunde, told AFTENPOSTEN.

"Even though the semester is not yet over we can say that we have never signed up so many new people in one semester. In the spring the figure was a little over 1000. Consequently we can count on having 5000 new members in the Young Conservatives by the end of the year."

In cooperation with the mother party the Young Conservatives launched a nationwide membership drive this fall. "It is especially good before an important election year for the party to have a big and strong organization. We Young Conservatives are therefore looking forward to being able to benefit from the 5000 new coworkers in the election campaign next year," said the chairman of the Young Conservatives.

The Young Conservatives, presently Norway's biggest political youth organization will conduct a human rights action from 8 to 10 December on the subject of the situation in Argentina.

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NORTHERN NAVAL COMMANDER: MAKE TROMSO SUBMARINE BASE

Oslø APTENPOSTEN in Norwegian 1 Dec 80 p 11

[Article by Knut Falchenberg]

[Text] Ramsund--"All the new submarines we are planning to have built for the navy should be permanently stationed at Olavsevern near Tromsø. That is something I strongly support," said the commander of naval forces in North Norway, Rear Admiral Reidar Berg, to APTENPOSTEN. He said the officer situation is improving and within the next few years the submarines and torpedo boats now in storage can be put into full service again. Today the navy's 15 aging Kobben submarines are permanently stationed at Haakonsevern, Bergen, even though part of this fleet is assigned at any given time to North Norwegian waters.

Rear Admiral Berg pointed out that the introduction of the job environment law in the armed forces would make it more difficult to operate submarines off North Norway, far from the home base in southern Norway. If they were permanently stationed in the north the crew could obtain housing in that part of the country and more easily spend their free time at home with their families.

Reidar Berg said the acquisition of 10 new submarines would be satisfactory from a military point of view. Submarines are a formidable and effective weapons system, well-suited to the waters up off North Norway. One weakness is that they move relatively slowly. Therefore it is important that submarines are in the right place in time. New submarines should be permanently based in the north.

In recent years the minelayers, "Vidar" and "Vale" have had their permanent home port at Ramsund naval station where the navy's landing ships are also based. A year and a half ago a squadron of torpedo boats was also based in North Norway at Olavsevern near Tromsø. This permanent stationing in the north has been a good thing, Berg said. He had just led the annual regional chiefs' meeting at Ramsund naval station. Among other things the meeting dealt with the navy's preparedness in the north.

Berg told APTENPOSTEN he was not worried about any deterioration in the officer situation. On the contrary they are now seeing a tangible improvement now that

the naval school is starting to turn out larger classes. It may be a little harder to meet the need for technically-trained naval officers who are trained by the Naval Corps at Horten.

"All in all I would say that naval defense does not have the same manpower problems as the army and air force. Resignations from the navy are partly a myth. In reality we have never lost more naval officers through the years than we had predicted in our planning. The problem has not primarily been people leaving but that for a while not enough new people signed up. This year the situation is better and next year and the year after things will be even brighter," Berg said.

The improvement will lead to a small number of submarines and torpedo boats now in storage being able to leave their buoys, Reidar Berg told AFTENPOSTEN.

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BRIEFS

UNION ON UNLOADING MATERIEL--The Wharf and Dockworkers in Trondheim refuse to unload military equipment for stockpiling in Trondelag. In a statement from the Wharf and Dockworkers Union comrades in other Norwegian ports are asked to do the same. Executive director Lauritz Sumstad of the Trondheim Wharf and Dockworkers Union said that the workers did not really intend to start a real blockade. Sumstad said it was his understanding that the workers would not oppose soldiers unloading the ships. But the workers themselves would not touch weapons or other equipment belonging to the American stockpiles. [Text] [Oslo AFTEN-POSTEN in Norwegian 1 Dec 80 p 4] 6578

CSO: 3108

EANES ON REVOLUTIONARY COUNCIL POWERS, CONSTITUTIONAL REVISION

Paris LE MONDE in French 13 Dec 80 pp 1, 7

[Interview with Gen Antonio dos Santos Ramalho Eanes, president of Portugal, in Lisbon, date not given, by Jose Rebelo]

[Text] Gen Soares Carneiro, an unsuccessful government candidate in the presidential election on 7 December, has decided to abandon all political activity and return to the army. Mario Soares, for his part, who decided to take up his functions as secretary general of the PS [Socialist Party], stated on 11 December that the victory of General Eanes is a "guarantee of the continuation of the democratic regime." In an interview granted our correspondent in Lisbon, General Eanes expressed the belief that in the future agreement between himself and the government will be easier. He assessed the activities of the Council of the Revolution as positive, and does not expect it to disappear immediately. He believes, finally, that there is no risk of dictatorship in Portugal.

"In 1980, as in 1976," General Eanes said, "I submitted a very precise political program representing my commitment to Portuguese citizens to the electorate. This is the justification of my triumphs. The new element this year was in my opinion the disappearance of the marginal proposals of the right and left wings, which gave the voters a clearer choice."

[Question] But you were elected in competition with the right-wing candidate?

[Answer] There will be no change in the way in which I view the exercise of the presidential function. Moreover, the defeat of my opponent should facilitate the adoption of a more realistic political strategy. The conditions for dealing with the problems facing Portuguese society have improved.

[Question] Do you favor the establishment of a center bloc encompassing all those who seek democratic socialism?

[Answer] This is a possibility which the democratic regime should not reject, but the president of the republic alone cannot effect it. Everything will depend on the political parties. I believe that my most important task involves establishing the conditions enabling the parties to find their stability and balance, so that they can play their true role.

[Question] Some regard coexistence between the Democratic Alliance (AD) and yourself, a president elected by a different majority, as impossible.

[Answer] There is no incompatibility between me and the AD government. I believe it would be better to speak of agreement, for the government and the president have the same legitimacy, that derived from the popular will. Such agreement will in the future be easier to achieve, since the electoral reasons which often underlay the dramatization of problems have ceased to exist.

[Question] What aspects of the present constitution merit revision?

[Answer] The proposed revision of the constitution is the sole responsibility of the deputies. But I should specify that certain aspects of the revision enjoy a broad consensus in the political parties: the defense of the semipresidential system, with all that implies, particularly where the election of the president of the republic by direct and universal balloting is concerned, elimination of the Council of the Revolution, and affirmation of the rights and functions of private enterprise. These are rights and functions which have already been fully assumed and respected.

[Question] Should the activities of the Council of the Revolution be limited now?

[Answer] The elimination of the council planned as of February 1976 will become effective when the law revising the constitution is promulgated. It is thus impossible for these activities to cease immediately. But it is also obvious that its functions will be exercised during this short period of time in such a way as to avoid contributing to political upset. The Council of the Revolution could have been harmful to democracy if it had used its doubtless important authority without showing evidence of contemplation and without taking the will of Portuguese citizens into account. It has not done so. The council has been able to accept its democratic responsibilities. Thus we are in a position to give a strictly and clearly positive evaluation of its activities.

[Question] With the disappearance of the Council of the Revolution, won't the risk of a military coup d'etat increase?

[Answer] When democracy is functioning fully, and the last elections are an example of it, there is never any risk of a military coup d'etat. In a democratic and European country such as Portugal is, the risk of dictatorship can be excluded.

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GOVERNMENT, OPPOSITION LEADERS SEEN AS LACKING INITIATIVES

Stockholm SVENSKA DAGBLADET in Swedish 7 Dec 80 p 2

[Commentary by Axel Waldemarson: "Symptoms of Political Fatigue"]

[Text] "All the parties will certainly now beat their breasts and with emotional voices announce that wakefulness and spirit abound within their parties. Apathy has its own inertia. It is naturally so. Within leading circles there are no raging critics against our parliamentary conduct..."

Torgny Segerstedt, 14 Jan 26

There is an evident streak of weariness in Swedish politics, which is easily explained. It has been a long time since the government and the opposition parties and party organizations have put a more troublesome year behind them.

Tired politicians easily make unpremeditated statements. The decision-making process is in danger of going awry. The government's final botching of the NCB [extension unknown] affair was more of an exhibition of physical and psychical strength than a rational procedure.

Even the question of under which flag the trapped ships should sail out from Shatt-al-Arab took time. The two parties rejected all the flags of the nations of the world. Even the UN flag was not acceptable.

Why not the Red Cross flag? wondered Palme. That was accepted.

Olof Palme can rightly feel proud of his work as a mediator in the war between Iran and Iraq. One gets the strong impression that he is happy with his perhaps impossible assignment. It was also naturally impossible to say no to Secretary General Curt Waldheim's request.

But it is not only in government offices that a difficult political year takes its toll. It is also true in the opposition. A number of those questioned in a poll by the newspaper of ABF [Workers' Educational Association] could not exactly remember how the opposition's alternative to the increased moms [value added tax] came about.

Likewise it is true that the opposition does not function well if its leaders stay abroad for extended periods. In the Riksdag there is lacking above all a constructive debate between the government and the opposition. When one occasionally visits the Riksdag these days one is more apt to hear nonsense.

It is not difficult to cite examples: Member S asks Cabinet Minister A what the government hopes to do in order to ensure employment in a community where the main industry is threatened with closure. Cabinet Minister A refers to MBL [Industrial Democracy Act] negotiations which will be conducted, preparatory measures and recommendations when the analyses are completed. But this answer does not satisfy Member S. Then the cabinet minister gets unpleasant and asks what the opposition suggests. Member S then says that we will speak of that later when we are finished with our deliberations!

The minister of industry entered the conflict about the NCB because the social democrats were supporting his proposed recommendation and not the conservatives'. The liberals saw a possibility to show that it is the "center which governs" by closing with the center (the Liberal Party's Riksdag group was reported to be divided in three parts on the question).

When the social democrats did not directly reject bankruptcy, the political house of cards built up by the center fell apart. Now the government must unite. That is what happens when poor political strategy is placed ahead of basic community and business economic facts.

How did the social democrats' proposal for a temporary import fee and rejection of increased moms come about? The poll by FONSTRET, the ABF newspaper, is interesting. As a starting point, the newspaper describes the following situation:

"They say in our parliamentary group that there is a crisis in the land. The red evening paper (which recently acquired a chief editor from the secretariat of the Riksdag group) says that there is ferment in the nation. In Stockholm the movement arranges a demonstration. Against Falldin, against moms, against belt-tightening policies. At the most a couple of thousand demonstrators show up. They are members of the Riksdag, solicitors, county delegates, elected representatives of local governing bodies, social democratic youth, members of women's clubs, and others who are linked to the movement, who march around with printed posters."

And as to the poll on how the alternative to the government proposal which provoked the organized public demonstration took place:

Riksdag member Lars-Ingvar Sorenson from Gothenburg said, "I do not know how the decision was made..."

Party leader Soren Mannheimer--who in the name of justice renders an account of interesting main points--said, "I do not know how the handling of this matter was managed..."

Sven Hultström, deputy member of the executive committee, remembers that he met Ingvar Carlsson on 11 August in Stockholm. He said, "Ingvar then did not have many members to consult with. Many on the committee secretariat were on vacation and the work on the foundation of the government debate was difficult."

Ulf Larsson of the research department answered the question of which party authority decided the action. "I do not know," he said.

Kjell-Olof Feldt and Lef Andersson, head of the secretariat, know, however. Feldt remembers that "we were six men who met on Gotland." Andersson understands party rules. He said, "The entire leadership of the party and the committees of the Riksdag were involved."

Today one may ask whether the question of responsibility is so important. The import fees have not consistently been advanced by the social democrats as an alternative. And there is no motion about lowering norms on the table at the Riksdag.

Riksdag politicians are involved in a slow process of erosion. Sometimes the chamber appears to be something of a village meeting. What happens outside the parish boundaries does not seem to exist when employment, and therewith the member's own voting support at home, falters.

One can naturally understand this attitude. In the big city the politician is protected by the anonymity of numbers. At home on Main Street he is known by one and all.

Certainly it is dangerous that the vision of many appears to end at Sweden's borders. The other evening there was a foreign policy debate in the Riksdag over approval of a motion by the Committee on Foreign Affairs.

A handful of members listened to the exchange of words. Is Swedish foreign policy merely a debate between Carl Lidbom (Social Democratic Party) and Bo Siegbahn (Conservative Party) about the Middle East?

Or does it consist of our foreign minister being in Africa, and before the Riksdag has heard about it he has promised 50 million in assistance?

In order to repair the error from last spring, the Riksdag has once again (for the third time) taken a position on the defense appropriation for the five budget years beginning with 1980/81, and with a single vote majority approved the government's higher figure.

Minister of Defense Eric Kronmark (Conservative Party) tried to get a small national defense and security debate going in the Riksdag. It did not work. Former Minister of Defense Eric Holmqvist (Social Democratic Party) was satisfied with the main estimates.

Soon the Riksdag will complete a year which was marked by Afghanistan in the beginning and by Poland at the end--with the war between Iraq and Iran in between. The discussion of which developing countries will get help from us can heat up quite briskly. The Riksdag is more economical when it comes to outlays for our defense and national security. And it seems to be impossible for the Riksdag to debate the much closer and more important questions of what is happening in Europe, our situation in our part of the world, and our standing in the part called Scandinavia.

PALME INCREASINGLY SEEKS ROLE ON INTERNATIONAL STAGE

Copenhagen BERLINGSKE TIDENDE in Danish 28 Nov 80 pp 1, 2 Part II

[Article by Tom Hoyem]

[Text] Olof Palme, who just returned to Sweden from his mission as official United Nations peace negotiator between Iran and Iraq, has been working on an extremely difficult job. Perhaps it is not just difficult but insoluble.

But it was no accident that UN Secretary General Waldheim appointed the former Swedish prime minister to the job. He has very special qualifications. Few politicians are as familiar with developing nations and surrounded by as much sympathy there as Palme and Sweden still has the reputation of being a neutral and progressive nation.

A few years ago Olof Palme was cheered as a hero in Cuba. Many liberation movements around the world can thank him for moral and economic support. And he is evidently remembered for his involvement against the United States in the Vietnam movements. This made his relations with the United States difficult but this has since been straightened out.

Palme has been interested in international problems all his life. In practice he was just as much foreign minister as he was prime minister. He is ardently involved in working with his personal friends, Willy Brandt, Bruno Kreisky and Filip Gonzales, in the Socialist Internationale and as a parallel to the Brandt commission on North/South problems he is the initiator and leader of the disarmament commission.

When one has attended Swedish Social Democratic congresses one knows that the party's international evenings are a high point and that many of the future leaders of the Third World view Palme as their model.

A special circumstance which should not be underestimated is that Olof Palme has a network of personal contacts created during his active student years when many from the Third World studied at Swedish universities, people who lead their own countries today. And they have preserved their friendship with Palme.

One also has the impression that Palme is really in his element when he is with a group of international journalists, for example, shifting easily back and forth in four or five languages, his questions and answers showing deep familiarity with each native land.

Iraq and especially Iran have prominent people who were educated in Sweden. Palme made an attempt to get the hostages in Tehran freed. It didn't work out but it did lead to contacts. There is no doubt that when Waldheim chose Palme at very short notice to act as mediator he could count on advance approval in both Iran and Iraq.

But personal qualities and international image are one thing. Whether the task can be solved at all is another and reactions in Sweden are yet another.

Iran's president has said publicly that mediation efforts are a "waste of time." He wants Iraq's President Saddam Hussein accused before an international court. Iran will not end the war before all Iraqi soldiers have been driven out of western and southwestern Iran. Olof Palme is in the difficult situation of having to act resolutely while at the same time talking in the sedate language of diplomacy instead of giving snappy answers. And he did say after meeting with the leaders of the two warring lands that "one should not expect rapid results." But "both sides met me with great openness and warmth and both are aware of the great damage done by the war and the risk it poses to world peace and would like it to end as soon as possible." Now Olof Palme has presented a preliminary report to the UN secretary general. Now the work continues, consisting mainly of "learning, listening and clarifying both points of view."

The Swedish mass media don't really know how to treat Palme's big new task. For one thing they are naturally proud and see the broader perspectives. Therefore they are often willing to use journalistic efforts and column space on the topic. But at the same time they understand that the job has to be done with discretion and they use a lightly ironic touch in order not to seem too arrogant.

And the rumors are flying again on Palme's candidacy for various international positions. Even though Palme has strongly denied these rumors and has told Waldheim that his work as party leader does not leave him unlimited time. The latest is that deep in Social Democratic circles they are saying that of course Palme is the leader of the party but that he might be better as foreign minister in a future government. They would like to find a prime minister candidate who is more popular, less polemic and more concerned with cooperation "toward the center." Former Internal Affairs Minister Hans Gustafsson has been strongly promoted as the new Per Albin Hansson and he has not denied these ideas with sufficient force. However he did have to make a public apology, stressing that the party has one and only one leader for the foreseeable future and that leader is called Olof Palme.

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VOTERS SEEN RELUCTANTLY TURNING TO SDP AS COALITION FAILS

Stockholm DAGENS NYHETER in Swedish 13 Dec 80 p 10

[Commentary by Sven Svensson: "Complaints, Unhappiness, and the Provisional Opposition"]

[Text] All the applicable election barometers show high figures for the social democrats, almost as in the olden days. That can not be because of policies. It is mostly a matter of the phenomenon of dissatisfaction. The social democratic opposition policies are at least as provisional as the government policies. That does not say much.

When the government during the extra Riksdag session last summer recommended increasing the moms [value-added tax] to draw in purchasing power, the social democrats recommended import fees or import deposits. Previously such a proposal would have caused increased dementia, especially when foreign governments resort to such trade restrictions. This time it was a question of avoiding all responsibility for increasing moms, not caring a fig for policy. So we had a statement of no confidence against the government, not because the social democratic leadership wanted it, but because the social democratic workers did not understand better.

Workers Now Know Better

So that is how that happened. Now the social democratic workers know better. Tax reform for 1981 is marked by an eternal row between the government and the opposition. The social democrats want to demolish tying taxes to the cost of living index, the bourgeois government does not. Everything is like a theological seminary. One should believe that there is a chasm dividing the government's and the opposition's tax proposals, that the country's destiny depends on which side wins. But it is not like that. The difference is actually surmountable if one is within normal income brackets.

For a wage earner with a taxable income of 50,000 kronor the social democrats offer an extra tax reduction more than the government of 412 kronor per year, and with a taxable income of 80,000 kronor the difference is 596 kronor. The difference is not actually great in a political question which seems to go to life or death, both

in the Riksdag and in the wage negotiations. It is first at the point of taxable income of 200,000 kronor where there are major changes. Then the government offers 3,250 kronor more than the opposition.

Simplest Just to Agree

The villa tax is another example in the confusing world of the politicians. Here the social democratic opposition seeks to remain in the lee of the bourgeois government. It is simplest to just agree with the government's proposal, so that the bourgeois coalition alone will bear all the displeasure of the voters. A government report on the villa tax can of course be requested for appearance sake.

NCB is another instructive example in the political jungle. If the government had recommended that NCB should continue in bankruptcy, the opposition would have said no, and screamed to high heaven, "Not responsible!"

Flew the Flag Just Right

When the government did not want to continue NCB in bankruptcy the opposition flew the flag just right with bankruptcy. It should have been the opposite.

Next year the parliamentary defense committee will recommend the termination of 15 regiments. That will be a very unpopular decision for the areas affected. To terminate a regiment is worse than to close a shipyard, NCB, or a mine. A regiment is a more certain source of tax money for local politicians than heavy industry.

In the next election nothing can prevent social democratic politicians from fighting for the regiments in their home districts. The fight over this is inescapable, no matter how much more important defense questions are than party battles.

Complaints and Unhappiness

Conclusion: Move up the defense decisions beyond the 1982 election, otherwise there will only be complaints and unhappiness.

It is only a part of the political language when the opposition says it is ready to shoulder the responsibilities of government. Also Palme. The truth is something else. The social democrats do not now want to take over the government and be forced to carry out the same destructive policies as the bourgeois coalition.

Instead the social democrats want to use the time until the 1982 election for internal organization and to build up their own political platform around the employee funds, a new tax system, and a new crisis policy, which will be worked out by a study group under Ingvar Carlsson's leadership.

Until the 1982 election the SPO (Swedish Provisional Opposition) will take the least possible responsibility and with the greatest possible protraction exploit dissatisfaction within the bourgeois groups, primarily among Center Party and Liberal Party voters.

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